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ABSTRACT

The 1985 education reform legislation in Illinois is assessed in this report. Following a summary and list of major findings and recommendations, the evaluation is divided into three main sections. The first section presents an overview of the legislation, identifies general themes, examines the reform's fiscal impact, compares the extent of reform with other states, and contrasts the scope of reform efforts to estimated need. The second section examines individual reform provisions in the areas of student assessment, student services, staff upgrading, and administrative accountability, and summarizes the fiscal impact of each provision. The third section discusses how one of the major reform provisions, which grants parents and local citizens more control over the local school budget, will particularly affect Chicago Public Schools. In general, the report concludes that expectations of rapid, dramatic change are not likely to be met. Few significant new programs have been introduced and the accountability measures enacted will have only a long term effect, it any. The report recommends that parents and citizens should take advantage of required changes in school districts to push forward their own agenda of reform at the local level. The Chicago Board of Education is encouraged to immediately implement school-based budgeting as extensively as possible; moreover, the General Assembly must maintain its reform efforts in their second year. (KH)

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CHICAGO PANEL ON PUBLIC SCHOOL FINANCES

ED265278

IMPLEMENTING EDUCATIONAL REFORM IN ILLINOIS

An Analysis of the 1985 Educational Reform Legislation in Illinois

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SUMMARY

During the spring of 1985, the Illinois General Assembly considered a wide range of proposals for educational reform across the state. The legislative package which emerged, largely contained in Senate Bill 730 (now Public Act 84-126), but augmented by a number of other bills, some of which conflict with parts of SB 730, was **long on accountability, but short on programs** which will significantly alter the way schooling is done in Illinois. This study examines the net effect of the reform package and then examines each major arena in terms of what is included in the legislation, how these provisions relate to the reform proposals, and the financial implications of each of the provisions. Finally, the effects of the legislation on the Chicago Public Schools is analyzed. A complete background and assessment of each reform arena is included in the Panel's May 1985 study, *What Are We Willing To Pay For School Reform?*

This study compares the package of reforms enacted in Illinois with those enacted by other states, with those contained in the reform proposals, and with previous levels of programmatic support in Illinois. The Panel's assessment is that the accountability measures (primarily testing of students and new teachers and evaluation of existing teachers and administrators) may have a long term effect on the school systems of Illinois, but they will take a number of years to be fully implemented. In other states, such accountability measures, especially as they apply to teachers and administrators, have been adjusted to meet market conditions to assure an adequate supply of new teachers, and thus have had little effect on the quality of employed personnel. However, some of these accountability measures should provide helpful information to parents and interested citizens.

The new programs included in the reform measures are minimal when compared with those enacted in other states or with previous levels of state support for the public schools in Illinois. Further, the levels of appropriation mean programs enacted will be far from full implementation. When compared with the other most active states in educational reform, the Illinois reform package was quite minimal. None of the major reforms introduced in other states was included in the Illinois package: neither the school day nor the school year was lengthened; class sizes were not reduced (Indiana has moved to limit basic class size to 18 pupils in primary grades); the concept of "career ladders" or "merit pay" was funded only for study purposes; and minimum salary levels remain unchanged at $10,000 per year (New Jersey recently adopted an $18,500 minimum salary for its teachers). Further, Illinois' per pupil increase in state appropriations is only half that of several other states, and still only brings Illinois half way back to 1976-77 levels of per pupil support in real dollars.

The bulk of the new funds which were provided in this year's state budget were undesignated increases in general state aid (up $200 million) or categorical aid and pension costs (up $80 million). However, these figures (together, $280 million) do not account for the $90 million in tax amnesty funds distributed last year, so the real increase is only about $190 million. New reform programs were funded at $99 million and $25 million was included in the Build Illinois program for science, math, and vocational education equipment. Thus, total new funding this year is about $314 million over what was distributed to school districts and educational programs last year, an *eight percent* increase. Although state appropriations rose in most years, with the notable exceptions of 1981-82 and 1982-83, these increases did not keep pace with inflation until the last three years.

It is the conclusion of the Chicago Panel that expectations of rapid, dramatic change in the public schools of Illinois are not likely to be met. Few significant new programs have been introduced, and the accountability measures enacted will take a long time to have any effect, if they ever do, on the ways schools currently operate. State leaders who enacted these reforms should restrain themselves, both in claiming credit for reforms which are really quite minimal, and in assigning blame when schools do not change significantly. Still, the reform legislation presents some good opportunities which should be seized. Parents and local citizens should take advantage of required changes in school districts to push forward their own agenda of reform at the local level. In Chicago, the Board of Education should facilitate this process by immediately implementing, under the broadest possible interpretations, the spirit of the school-based budgeting provisions of SB 730. Lastly, the General Assembly must maintain in the second year the efforts it initiated last year. In many states educational reform has fallen by the wayside in the second year, funds have been cut off, and newly adopted standards allowed to slip. With the financial underpining of the reform legislation in Illinois now in doubt, and statewide elections already dominating policy decisions, the stage is set for a similar retreat in this state. The citizens of Illinois must keep their legislators' feet to the fire to prevent a slackening of effort in the year ahead.

Findings

1. EXPECTATIONS OF RAPID, DRAMATIC CHANGE IN PUBLIC SCHOOLS ARE NOT LIKELY TO BE MET.

The high level of publicity given to the legislature's efforts to put together an educational reform package has raised popular expectations of rapid, dramatic change in the public schools of Illinois. These expectations are unlikely to be met. Few significant changes were made in the ways local schools operate. Few new programs will appear in the state's schools (reform program funding totals only about $61 per student statewide for all programs). Most of the accountability provisions are long range projects which will take up to five years to be implemented and begin to have effect. For some, it will take 10 to 20 years befor the effect is discernible. Thus, popular expectations of rapid improvement in the schools are likely to be frustrated.

2. ACCOUNTABILITY REFORMS MAY HAVE LONG RANGE POSSIBILITIES.

The General Assembly passed provisions to hold accountable school districts, individual schools, principals, teachers, and students. These provisions should work to give the public better information about what is actually happening in the public schools, and thus should be considered beneficial. Specifically, the district report card should make much more information available to parents and citizens. Accountability for principals rests primarily on the requirement for recertification, and its effectiveness will depend on the rigorousness of the state's interpretive regulations and school district implementation. Teacher accountability advances rest primarily on new standards of evaluation which make failure to improve after an unsatisfactory rating grounds for dismissal. Again, effectiveness of this provision will depend on developing an objective basis of evaluation acceptable under collective bargaining agreements and rigorous school and district implementation of both remediation efforts and dismissal efforts. Due to the phasing in of training, evaluation, and remediation programs, earliest results of such efforts will not be seen for three to five years. Similarly efforts to require higher capability on the part of those entering teaching, both in college and before certification will depend on implementation efforts. With an impending teacher shortage during the next decade, it is more likely that standards will be reduced to meet the demand, as they have been in most other states. Finally, required testing of students should help identify students requiring remedial assistance, but may, instead, simply result in higher levels of retention without additional intervention. If that happens, costs will rise and the legislation may turn out to be counterproductive, simply raising dropout rates across the state.

3. NEW REFORM PROGRAMS ARE MINIMAL IN EXTENT AND FUNDED MEAGERLY IN THE FIRST YEAR.

Half the new reform funding goes to only two programs, the Reading Improvement Program and summer school; in many districts those funds will only restore programs lost due to reduced state funding in previous years. Few of the big ticket items proposed by reform advocates were enacted into law. The legislature declined to lengthen either the school day or the school year, despite the nationwide consensus of reports recommending it. Instead of this expensive program (Panel cost estimates were between $260 million and $1.44 billion depending on extent), the legislature committed $15 million for summer school programs for disadvantaged and gifted students (a much cheaper way to extend "time on task" for those students who need it the most). Similarly, instead of full funding for remediation on the basis of mandated testing (estimated costs of $137 to $181 million), the legislature provided only $38 million for a Reading Improvement Program. This money would partially reimburse the costs of reading specialists, teacher aides, and materials. However, this money was distributed by a formula based mostly on average attendance and may be used to offset costs already undertaken by local districts. Thus, this program is not targeted to those students most requiring remediation and will not guarentee new efforts by school districts; it may just be extra money for existing staff.

The legislature also committed $10 million to dropout reduction programs, $11.5 million to staff development and training, and $12.1 million to pilot preschool programs (which for Chicago might increase existing Child-Parent Centers by up to 50%; perhaps 12% of qualified disadvantaged children at this level of funding). The legislature will now allow districts to claim full day attendance for kindergarten in their state aid applications for the ensuing year, but this provision will only reimburse districts after they have funded the program out of local moneys in the first year, and only to the extent of their proportion of state aid (about 50% in Chicago, but only 4% in Hinsdale). Further, space constraints will impose additional unreimbursed costs in neighborhoods where some of the most disadvantaged students reside.

Minimal refunding of these and other programs in the second year will require $116.5 million additional reform revenues next year. The Panel estimates that full implementation of these partial or pilot projects would cost $601.8 million. All of these programs are in addition to the $200 million increase in state distributive aid this year and the promised additional increase of at least $200 million next year.

4. SCHOOL-BASED BUDGETING IS INTRODUCED TO CHICAGO.

Perhaps the most significant change in the entire school reform package gives parents and local citizens new control over the budget, and thereby program, of their local schools. In a last minute move, long advocated by the Panel the legislature added provisions which require the Chicago Board of Education to present to a community meeting at each school a projected budget for that school for the ensuing year. The community meeting may reject the budget, forcing the Board to try to meet its objections within one month, but the community cannot finally veto the local budget. However, School Improvement Councils, to be established at every school, can disapprove expenditures which are at the discretion of the principal, thus gaining real control over portions of the local school program. This provision has the potential to dramatically alter the ability of local parents to affect the type and quality of education offered at their local schools, once again, depending upon the rigor of the interpretive regulations and the willingness of the Chicago Board to fully implement the provisions of the law.

5. NEW STATE AID FOR ELEMENTARY AND SECONDARY EDUCATION IS QUITE SIGNIFICANT, BUT STILL DOES NOT RETURN ILLINOIS TO 1976 LEVELS OF PER STUDENT ASSISTANCE WHEN ADJUSTED FOR INFLATION.

The increase in state aid (up $200 million), reform programs (up $99 million), categorical aid (up $80 million), and capital increases in the Build Illinois legislation ($25 million) means over $400 million additional aid to education was provided this year, more than in any other single year. However, these reported increases ignore the tax amnesty funds provided last year, and thus overstate the actual increase by more than $90 million (while amnesty funds were discussed as "one time" funds, many districts used them to balance budgets desperately in deficit last year). Further, since the dollar today is worth less than half its value in 1976 due to inflation, in real terms this increase is not as great as it sounds, and still does not restore state funding to per student levels in that year. Until recently, state aid per student adjusted for inflation had fallen in every single year since 1976.

6. FINANCIALLY, COMPARED TO OTHER STATES ACTIVE IN EDUCATIONAL REFORM, ILLINOIS REFORM EFFORTS ARE MODEST.

The Panel's analysis of reform in other active states found higher commitments to reform in virtually all of them. Adjusting for enrollment differences, Illinois' financial commitment to reform was lowest among the eleven states examined, primarily because of the absence of big ticket reforms such as salary improvement, added instructional time, or reduced class size. None of these items were included in the reform package passed by the General Assembly. It should be noted that these eleven states are the most active in educational reform in this decade, and many other states have made less progress in reform than Illinois.

7. THE STATE BOARD OF EDUCATION HAS ASSUMED VASTLY EXPANDED RESPONSIBILITY FOR PUBLIC SCHOOLING THROUGHOUT THE STATE.

The responsibilities of the State Board have dramatically expanded both in implementing reform proposals and ongoing programs. The State Board was charged with developing regulations for many of the provisions in the legislation, and for monitoring school district implementations of those regulations (from excusing students from physical education to school district reorganization planning). It is also charged with establishing new certification, evaluation, and recertification standards for teachers and administrators, designing the school district report card and monitoring its implementation, and overseeing district plans for student assessment (testing), staff development, and school objective setting. In addition, the Board must establish guidelines for a number of grant programs, review proposals from local districts, make the grant and administer oversight and evaluation procedures ranging from preschool programs for handicapped children ages 0 - 3 to optional educational programs for truants and dropouts. Some of these programs may become part of the state's ongoing responsibility in public education. This expanded responsibility is even more important in light of, and perhaps partly due to, the demise of the School Problems Commission.

Recommendations

1. LOCAL CITIZENS, PARENTS, AND BOARD MEMBERS MUST ASSUME RESPONSIBILITY FOR FURTHER REFORM EFFORTS.

The General Assembly created a modest beginning for public school reform. Now the focus must shift to local school districts which are not limited by the modesty of that effort. The search for effective schooling strategies must continue at the local level, in individual schools and systemwide. Districts must redouble their efforts to identify students who need extra assistance, and to provide that extra help in a context which is not punitive but full of expectation. This means school districts should welcome all the outside help they can muster from businesses, parents, and civic organizations. And local citizens must lead in the effort to rearticulate the mission of the local schools in their communities. Too often citizens assume they know what schools should be doing without looking carefully at the students they have in attendance. The mission of local schools must relate directly to the students enrolling in them.

2. THE CHICAGO BOARD OF EDUCATION SHOULD IMMEDIATELY IMPLEMENT SCHOOL-BASED BUDGETING AS EXTENSIVELY AS POSSIBLE.

The broadest possible interpretation of the school-based budgeting provisions of Senate Bill 730 should be used to draw parents into the operations of local schools. The Local Education Advisory Councils should immediately be reconstituted as School Improvement Councils and begin to exercise their right to disapprove all expenditures at the discretion of the principal or local officials. Disapproval should be understood to be a veto of specific intended expenditures submitted for prior review; those issues at the discretion of the principal or local officials should include all programmatic and maintenance expenditures not specified in the minimal standards required to meet the Board's certification or employee contract requirements, specifically including curricular options, educational materials, maintenance priorities, and supplies. Appropriate restraints on local power include fiscal realism concerning the resources available systemwide and protections of the rights of minorities to avoid local censorship, which limits the diversity of ideas, opinions, and points of view. Public schools have an obligation to expose their students to a full spectrum of ideas, to present courses which are comprehensive and scientifically reputable, and to guard against significant historical omissions. The Board should prepare now for extensive FY1987 budget presentations in every school during January, February, and March, 1986. The Board staff should be prepared to meet local objections to individual school budgets and, in good faith, make every effort to adapt the school budget to meet those objections. To sustain this local involvement in the operation of the schools, the Board should commit a minimal budget (e.g., about $500 per school) to cover the operating costs of the School Improvement Councils and the local budget hearings.

3. THE ILLINOIS GENERAL ASSEMBLY MUST MAINTAIN ITS EFFORTS IN THE SECOND YEAR OF IMPLEMENTATION OF EDUCATIONAL REFORM.

In many states where educational reform was enacted earlier than in Illinois, efforts have foundered in the second year of implementation. In the election year of 1986, the state legislature must continue the effort it began with this reform package. A number of programs were endorsed last year which would not require new state funds until the second year. A number of pilot projects were begun small with the stated intention to expand in the second year. Several projects received only half-year funding in the first year, and will require full year funding in the second year. In addition, the legislative leadership and the Governor have promised additional dollars in general state aid (compounded by the Governor's intervention in the Chicago teachers' strike). These promises must be kept in 1986. Those who are interested in the future of the public schools must be ready to keep their legislator's feet to the fire if Illinois is to avoid the slackening off experienced in other states.

AN ANALYSIS OF THE 1985 EDUCATIONAL REFORM LEGISLATION IN ILLINOIS

Introduction

By a vote of 56-2 on July 2, 1985, the Illinois Senate sent to the Governor education reform legislation earlier approved by the House on a 77-41 vote. The State Board of Education, hailing 1985 as "*The Year of Education* which will be long remembered as the most meaningful single year for education legislation in Illinois history," (Reference Note 1) identified $98.5 million designated for educational reform. Reform appropriations rise to over $125 million by adding $25 million for math, science, and vocational education equipment from the Build Illinois program, $2 million for adult literacy, $2.6 million for substance abuse education, $0.8 million for school district reorganization studies, and $0.375 million for various programs to address Hispanic dropout problems.

As in other states, A Nation At Risk, the report of the President's Commission on Excellence in Education, spawned Illinois' educational reform movement. In some respects, however, the State Board's studies of state mandates in special education, physical education, drivers education, bilingual education, instructional programs student records, transportation, compulsory attendance, and school day/year requirements, conducted in the early 1980s, anticipated the reform movement. The "movement" came to include:

--The Illinois Commission on the Improvement of Elementary and Secondary Education, staffed by the State Board and comprised of twelve legislators and eight lay members. Established in August 1983, the Commission published its final report, Excellence in the Making, in January 1985.

--During the spring of 1984, Speaker of the House Michael Madigan conducted an invitational, statewide conference on educational issues which was followed with regional meetings during the fall and winter.

--In February 1985, Governor Thompson presented his own educational reform package during a state-of-the-state address on education, and education also comprised a portion of his public works legislation known as "Build Illinois."

--The privately sponsored Illinois Project for School Reform conducted statewide hearings and published Education in a New Illinois: The Public Schools in a Changing Economy.

--Many other activities and studies were undertaken by major special interest groups including the State Chamber of Commerce's Task Force on the Future of Education in Illinois, the regional hearings of the Illinois Education Association, Meeting the Challenge: Educational Reform by the Illinois Federation of Teachers, and Perspectives from the Classroom: Educational Reform Proposals of the Chicago Teachers Union.

--Chicago United's Agenda for Public Education in Chicago, published in mid-1983, anticipated the eduational reform movement, as did the Citizens Schools Committee's Better Schools for All Chicago, published in 1982. Other citizens organizations exerted most of their educational reform efforts through direct contact with state legislators. Prominent among these groups were members of the Chicago Panel such as the Chicago Urban League, Chicago Region PTA, Designs for Change, the Latino Institute, the League of Women Voters, and the Mexican-American Legal Defense and Education Fund (MALDEF).

During the 1985 legislative session, a series of summit meetings involving representatives of educational organizations, the State Superintendent of Education, representatives of the Governor, and representatives of the leadership of both houses of the legislature helped shape the reform package from the hundreds of individual educational reform bills which had been introduced. Ultimately, the Governor and the legislative leaders reached agreement on the major components of the reform package. Highlights include:

--State mandated student testing
--Funds for reading improvement programs, drug/alcohol abuse programs, math and science equipment, vocational education equipment, and the establishment of a statewide residential math/science academy
--Public sector financial support of preschooling for the disadvantaged
--Financial support of full day kindergarten programs
--Funding for summer school for the gifted and those in need of remedial help
--Testing of new teachers
--Administrator recertification
--Rigorous teacher evaluation and staff development requirements
--Comprehensive assessment of school district reorganization
--School-based budgeting and school improvement councils for Chicago

Whether or not the reform legislation meets the expectations for educational reform in Illinois, however, is now the critical question. The Chicago Panel on Public School Finances' May 1985 study of the educational reform initiatives, What Are We Willing To Pay For School Reform? (Nelson & Hess, 1985), called attention to three dangers: 1) that the cost of proposed reforms, even at the lowest implementation levels, far exceeded the proposed funding for such efforts, 2) that benefits are tied to implementation levels and the benefits of full implementation should not be used to sell partially implemented programs, and 3) that proposals accompanied by minimal increases in expenditures are unlikely to produce significant changes in the ways public schools currently operate and perform. Focusing attention on these issues, this current report builds on the earlier report and analyzes the 1985 Illinois educational reform package.

The first part of this analysis, an overview of the reform legislation, identifies general themes, examines the fiscal impact, and judges the extent of reform by comparing Illinois reform efforts to other states, and by contrasting the scope of reform efforts to the estimated need. The second part examines the reform package issue by issue and generally focuses on the fiscal impact of each provision. The third section spells out the effect of the reform legislation on the Chicago Public Schools.

I. Overview of Reform Legislation

General Themes

Several themes emerge from the educational reform legislation:

1. *The legislature retreated from the big-ticket reform items.*
State-mandated testing will not likely result in either massive in-grade retention or widespread, intensive remediation efforts. Preschool education for the disadvantaged, which according to the Panel's study of reform initiatives, could cost almost $400 million to provide the same level of services as the widely talked about Perry Preschool Project is limited to a $9 million grant program for the current year. No new money applies to full-day kindergarten, though a full-day kindergarten student now counts as a full pupil in the state aid formula, rather than as half a pupil. Optional education programs and other programs aimed at truants and prospective dropouts are funded through a $10 million grant program, though full implementation might require in excess of $30 million according to the Panel's study of reform initiatives. Proposals to raise compensation for teachers--which could have cost more than $800 million, and proposals for various forms of career compensation or career ladder plans, resulted in a small grant program of $3.5 million for 7 pilot projects. The financial impact of teacher testing--the salary increases necessary to attract enough new teachers who can pass the "bar" exam--is uncertain because the task of "fixing" cutoff scores has been assigned to the State Board of Education, which has up to three years to determine cut scores.

2. *The Illinois State Board of Education has assumed vastly increased responsibility to implement the reform legislation:*
--Fix cutoff scores on the "bar" exam for new teachers.
--Administer personnel certification standards and procedures with the demise of the Chicago Board of Examiners.
--Set up a recertification system for administrators.
--Monitor and approve student assessment, local objective setting, staff development plans, and evaluation plans in all 1,000 district.
--Design school "report cards" and monitor implementation.
--Distribute funds for Reading Improvement Program for K-6 ($38 million), math, science, and vocational education equipment funds in "Build Illinois" ($25 million), school readiness assessment ($3.1 million), staff development ($3 million), and local objective setting (2.7 million).

--Develop guidelines and award grants for gifted/remedial summer school ($15 million), K-6 arts programs ($0.5 million), truant/optional education ($10 million), preschool ($9 million), preschool screening ($3 million), birth-to-three preschool for handicapped children ($1.0 million), and career compensation pilot programs ($3.5 million).
--Establish number and boundaries of Regional Service Centers ($8.5 million), and develop an Administrators' Academy ($1.0 million).
--Award almost a half million dollars in new teacher training scholarship money.
--Implement a new law that requires districts to serve as many as 17,000 unserved limited English proficient students.
--Oversee 60 regional reorganization studies.
--Regulate Chicago's school improvement council legislation.

3. *A large proportion of the reform legislation required rapid implementation.*

Money for the Reading Improvement Program for grades K-6, gifted/remedial summer school, truants/optional education, preschool, K-6 arts, math/science/vocational education equipment, and career compensation pilot programs will have to be distributed within this year (prior to June 30, 1986), and in some cases, within weeks of the opening of school. The Administrators' Academy is already developing training programs and Regional Service Centers also have to be established and functioning within months. Sixty regional reorganization studies were initiated in September. The bilingual education mandate addition, and Chicago's school improvement council legislation take effect immediately. Appropriations for many programs will fund only a half year of services (e.g., preschool grants beginning in January, and teacher shortage scholarships for the second semester only), thus implying higher funding obligations for 1986-87.

4. *On the other hand, the implementation of some reforms will take several years--particularly for issues involving testing or personnel.*

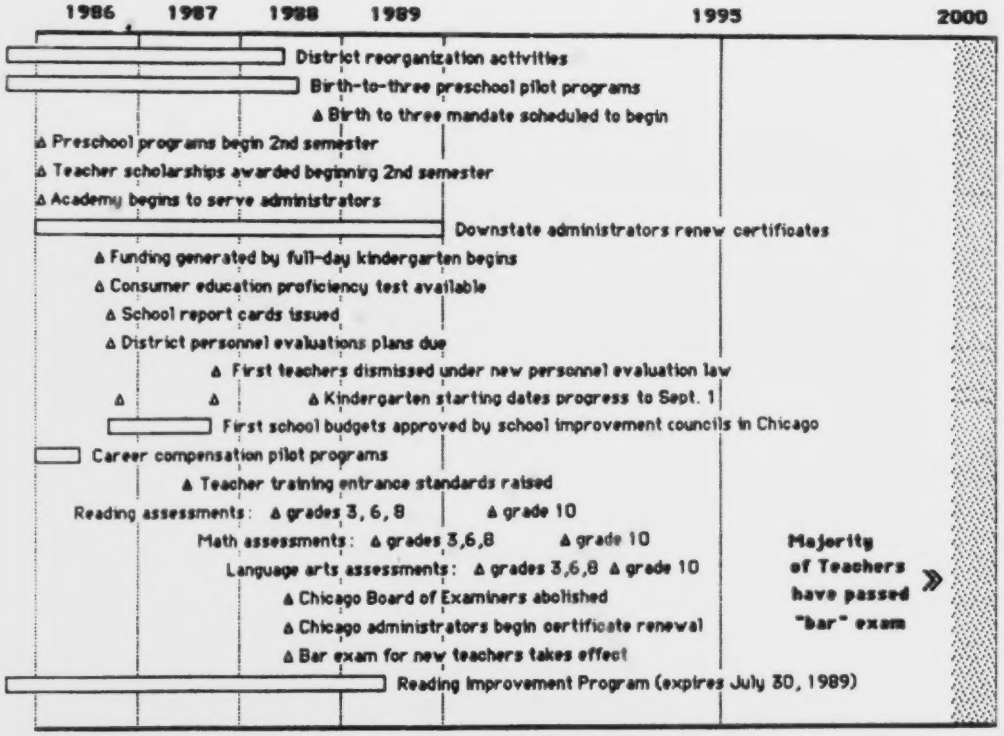
The implementation schedules for most of the programs that either do not take effect immediately or are scheduled to end on a definite completion date are shown in Figure 1. It will take until 1990 before all downstate administrators have been recertified under the provisions of the reform legislation. Those Chicago administrators who do not currently hold a state certificate will first have to exchange their Chicago certificate for a state certificate within the next three years. Then they can wait four years until they must be recertified under the reform provisions. Remediation provisions for those not meeting the certification standards encompass two ensuing years. Thus it may be nine years before all Chicago administrators are recertified or replaced. Though schools may start full-day kindergarten in the fall of 1985, the new full-day students will not generate additional state aid until the following year. The first dismissal of teachers with an unsatisfacotry rating will not occur until the fall of 1987. Higher standards for entrance to teacher training are not required until the summer of 1987. The first required student assessments begin in the spring of 1988 in reading for grades 3, 6, and 8. But the assessment of language arts for students in grade 10 is not required until the

spring of 1992. The Chicago Board of Examiners remains intact until the summer of 1988, the same date on which prospective teachers must pass the "bar" exam. Even with an increase in demand for new teachers, it will take until the year 2000 for the majority of the teaching force to be composed of teachers who had to take and pass the exam.

Figure 1

Implementation Schedule of Educational Reform in Illinois

(Programs that did not start July 1, 1985 or those that have a definite ending date.)


1986
1987
1988
1989
1995
2000
District reorganization activities
Birth-to-three preschool pilot programs
Δ Birth to three mandate scheduled to begin
Δ Preschool programs begin 2nd semester
Δ Teacher scholarships awarded beginning 2nd semester
Δ Academy begins to serve administrators
Downstate administrators renew certificates
Δ Funding generated by full-day kindergarten begins
Δ Consumer education proficiency test available
Δ School report cards issued
Δ District personnel evaluations plans due
Δ First teachers dismissed under new personnel evaluation law
Δ Δ Δ Kindergarten starting dates progress to Sept. 1
First school budgets approved by school improvement councils in Chicago
Career compensation pilot programs
Δ Teacher training entrance standards raised
Reading assessments: Δ grades 3, 6, 8 Δ grade 10
Math assessments: Δ grades 3,6,8 Δ grade 10
Language arts assessments: Δ grades 3,6,8 Δ grade 10
Δ Chicago Board of Examiners abolished
Δ Chicago administrators begin certificate renewal
Δ Bar exam for new teachers takes effect
Majority of Teachers have passed "bar" exam
Reading Improvement Program (expires July 30, 1989)

5. *Most funding of the reforms is either: 1) one-time funding*, such as the math/science/vocational education equipment money ($25 million), *2) short-term funding*, such as the Reading Improvement Program ($38 million this year, but the program expires in June 1989), or *3) pilot program funding*, such as truants/optional education ($10 million), the preschool pilot programs ($9 million), and the career compensation projects ($3.5 million). As analyzed in Table 3 (described below, pg. 12), short-term or one-time programs comprise about 57 percent of the $125 million reform package; and partially-funded or pilot programs comprise about 19 percent.

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Fiscal Effects

The fiscal effects of the reform legislation are outlined in Table 1. The first column describes the 1985-86 appropriation, and figures appearing in brackets describe current programs relevant to the reform item. The second column focuses on either future implementation costs, or hidden costs imposed on school districts. Due to the large role of pilot programs and grant programs, the reform legislation does not mortgage the future with substantial new financial obligations, but neither does the reform legislation assume significant future levels of implementation. The Math/Science Academy will cost more that $3 million to fully implement, and the State Board wants to fully implement birth-to-three preschools for handicapped children by 1988-89 at a cost of $40 million. The future financial impact of teacher testing is uncertain and depends on the degree to which the cutoff scores restrict teacher supply and bid up salaries. The major financial burden placed on districts by the legislation is the requirement to serve as many as 17,000 limited English proficient students at an aggregate cost of up to $25 million according to the Panel's study of reform initiatives.

The third column of Table 1 identifies financial opportunities for school districts. It appears that most of the reform appropriations will be distributed on a formula basis, but some of the grant program, pilot program, and equipment purchase money will go to those districts that are most aggressive in seeking out new opportunities.

The final column of Table 1 points to the major implementation questions. The State Board has made or will be making most of these critical decisions during the next few months. In some cases, important financial allocations are being made without first establishing rules and regulations. The State Board plans to allocate money to all districts seeking assistance for Limited English Proficient children even though guidelines have not yet been developed as to what constitutes a "locally developed transitional langauge program." Definitions of the language in the school improvement council legislation could make the councils either very influential or just a hoax.

Table 1
FISCAL IMPLICATIONS OF 1985 SCHOOL REFORM LEGISLATION

AREAS	1985-86 APPROPRIATIONS (millions)	COSTS IMPOSED ON DISTRICTS/ HIDDEN COSTS	OPPORTUNITIES FOR DISTRICTS	CRITICAL IMPLEMENTATION QUESTIONS
STUDENT ASSESSMENT AND SCHOOL REPORT CARDS	$2.7 --School Report Card Costs $0.4 --Technical Assistance	Costs of developing and implementing remedial programs not funded by the Reading Improvement Program or summer school		Definition of students exempt from required testing and school reporting purposes
REMEDIAL AND GIFTED PROGRAMS	$38.0 --Reading Improvement Program $15.0 --Gifted/Remedial Summer Schl $20.0 --Math/Science Equipment $5.0 --Vocational Ed. Equipment $0.5 --K-6 Arts Program $0.5 --Math/Science Academy	Local share of reading specialists and aides; 1989 expiration of act. Full costs of academy = $3 million	New reading programs More teacher aides RIF funds free local $ Expanded summer schools Math/Science classroom remodeling New equipment Expanded arts program Special opportunity for 500 bright students	Will RIP funds supplant local spending Define reading specialist Private school eligibility for math/science/voc'l equipment funds; Can local contribution for math/science equipt supplant local spending?
TRUANTS/OPTIONAL ED. DROPOUT PREVENTION DISCIPLINE	$10.0 --Truants/Optional Ed. Pilots $2.6 --Alcohol/Substance Abuse Ed $0.2 --Telephone purchase	Builds on existing $1.0 million Truant Alternative Programs	Evening School Community Coll. cooperatn Self-concept programs Parenting courses $1,500 for substance abuse courses Buy phones to call parents about absent students	
PRESCHOOL KINDERGARTEN	$9.0 --Preschool Grants $3.1 --Preschool Screening $0.0 --Full-day Kindergarten $1.0 --Birth-to-3 Preschools for Handicapped	First year costs	Preschools for Disadvantaged Assistance for school readiness testing State aid generated by existing federal preschool programs	Can districts count full-day kindergarten pupils in 1984-85 for 85-86 aid?
MANDATED PROGRAMS	$0.5 --Consumer Ed Proficiency Test $18.4 --Bilingual Programs increase $0.0 --Physical Education exemption $0.0 --Drivers Ed. Fees	$17 million needed to serve all LEP pupils Exempt take more expensive courses	Change Soc Studies Curric Non-mandated LEP programs may tap bilingual funding Increase fee receipts	Adequate funding? Eligibility of programs Adequate monitoring?
TEACHER TRAINING CERTIFICATION AND EMPLOYMENT	$0.5 --"Bar" Exam Qualifying Test	Higher salaries if supply of teachers reduced Additional state certification staff Test development costs = $2.5 million		Level of cut score? Tests "racially neutral"? Chicago personnel grandfathered in
PERSONNEL COMPENSATION AND SCHOLARSHIP PROGRAMS	$3.5 --Career Compensation Pilots $0.3 --Scholarships: shortage areas $0.1 --Administration scholarships		7 districts: funds for staff/curric New resources for retraining faculty	
PERSONNEL EVALUATION	$0.0 --Mandated evaluations	Remediation plan costs for "unsatisfactory" Teacher dismissal without remediation tougher		
STAFF DEVELOPMENT	$3.0 --Local Staff Development Plan $1.5 --Voc-Ed Summer Fellowships $8.5 --Regional Service Centers	Firms must contribute 30% of fellowship costs Replaces $1.5: computer consortia; 0.8: Gifted Service Centers	$25 per teacher for staff development	Plan qualifying regs $ suppiant local plans? Number & boundaries: RSCs Sponsorship of RSCs
ADMINISTRATOR CERTIFICATION AND TRAINING	$1.0 --Administrators Academy	Replaces $100,000 for Principals Academy Increase difficulty reassigning poor principals		Recertification components Role of Testing Timing of Chicago certificate exchange
REORGANIZATION & SCHOOL IMPROVEMENT COUNCILS (CHICAGO)	$0.8 --Dist Reorganization Studies $0.0 --School Improvement Councils: Chicago	Salary/benefit equalizatn Administrative cost, esp. for budget presentation	Reorg financial penalties reduced Delegate controversial items to local councils	Veto power? What's "discretionary"?

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TABLE 2

SUMMARY OF INITIATIVES OF MOST ACTIVE REFORM STATES

ENACTED REFORM	ILLINOIS	ARKANSAS	CALIFORNIA	FLORIDA	INDIANA	KENTUCKY	NEW YORK	S CAROLINA	TENNESSEE	TEXAS	W VIRGINIA
Student Accountability											
Student Testing	X	X	X	X	X	X	X	X	X	X	X
Raised Grad Requirements	X	X	X	X	X	X	X	X	X	X	X
Expanded Student Programs											
Added Instructional Time		X	X	X	X	X		X	X		
Reduced Class Size		X			X	X			X		X
Mandated Kindergarten						X		X			
Early Childhood	X						X	X			
Improving Staff											
Teacher Testing	X	X	X	X	X	X	X		X	X	X
Staff Devel/Recertificatn	X	X	X	X	X	X	X			X	X
Teacher Scholarships	X	X	X	X	X	X	X	X	X		
Improving Compensation											
Career Ladder/Merit Pay			X	X				X	X	X	
Increased Salaries		X	X	X				X	X	X	
INCREASED APPROPRIATIONS (thousands)	$314,000 f	$160,000	$800,000 a	unknown	unknown b	$0 c	$406,000 a	$200,000 a	$333,000 d	$1,000,000 a	$0 e
ENROLLMENT -- 1982 (thousands)	1,860	482	4,065	1,527	1,000	652	2,705	605	828	2,986	803
PER PUPIL REFORM INCREASE	$169	$332	$197	$0	$0	$0	$150	$331	$402	$335	$0
PER PUPIL APPROPRIATIONS (Operating Funds, 1980-81)	$1,052	$850	$1,673	$1,332	$1,171	$1,211	$1,404	$866	$745	$910	$1,279
PERCENT STATE SUPPORT(1980-81)	38.5%	48.5%	65.8%	55.4%	53.0%	64.0%	39.1%	48.2%	40.6%	48.4%	60.0%

a--Includes general aid increase

b--Governor wanted $400 million per year

c--Governor's request for $226 million failed in legislature

d--$1 billion over 3 years

e--$1 billion court-approved plan failed state referendum

f--General Aid($200 million)+Reform($99)+Categorical($80)+Equipment($25) less Amnesty Funds last year

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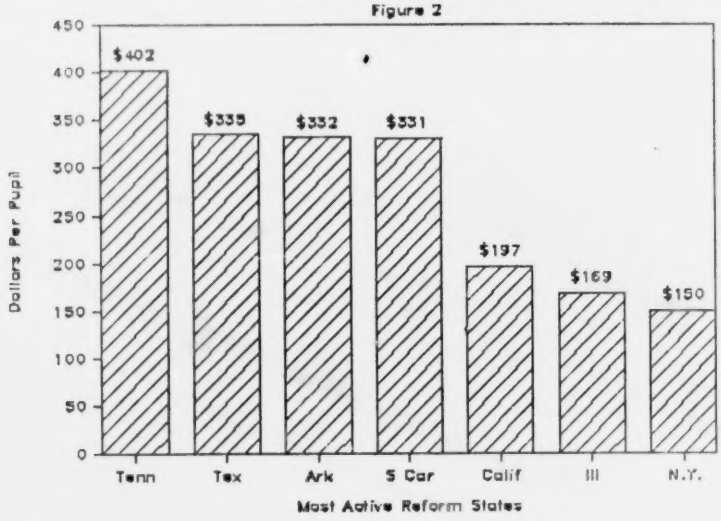
Comparisons with Other States

Compared to other states active in educational reform, Illinois reform efforts are, at best, modest. The education reform accomplishments, and the accompanying financial support for them are shown in Table 2. None of the major reforms introduced in other states was included in the Illinois package: neither the school day nor the school year was lengthened; class sizes were not reduced (Indiana has moved to limit basic class size to 18 pupils in the primary grades); the concept of "career ladders" or "merit pay" was funded only for study purposes; and minimum salary levels remain unchanged at $10,000 per year (New Jersey recently adopted an $18,500 minimum salary for its teachers). When adjusting for enrollment, Illinois' financial commitment to reform rests near the bottom of the list of the states most active in reform, primarily because of the absence of such big ticket reforms as salary improvement and class size reduction (See Figure 2).

PER PUPIL INCREASES FOR REFORM

Figure 2

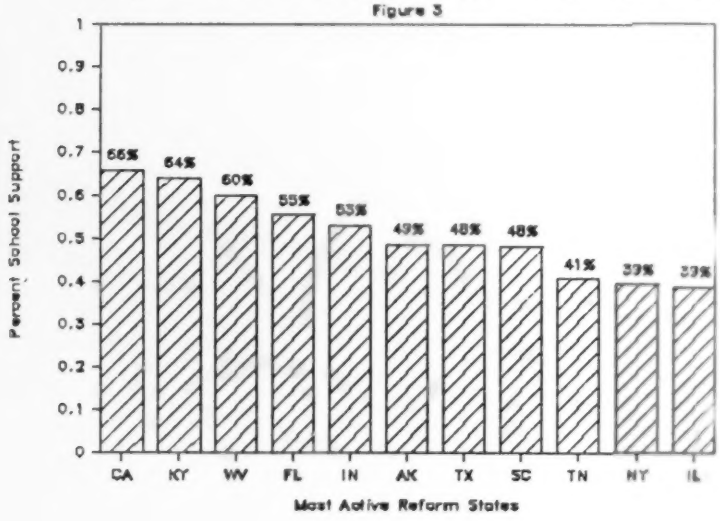


It should be noted that the states in Table 2 are the most active reform states, and many states have made far less progress towards educational reform than Illinois. Another reason why Illinois made less progress than most states in Table 2 is the emphasis on local control in Illinois. Many of the other states are located in the South where state governments have historically been more active in the regulation and funding of education.

At the beginning of this decade of reform, Illinois bore a smaller share of the costs of education (38.5%) than was true for any other of the states active in reform (See Figure 3).

PERCENT STATE SUPPORT FOR SCHOOLS

Figure 3



Further, Illinois entered this decade with lower per pupil appropriations than any of those states active in reform outside the South (See Figure 4 and Table 4).

PER PUPIL APPROPRIATION FOR SCHOOLS

Figure 4

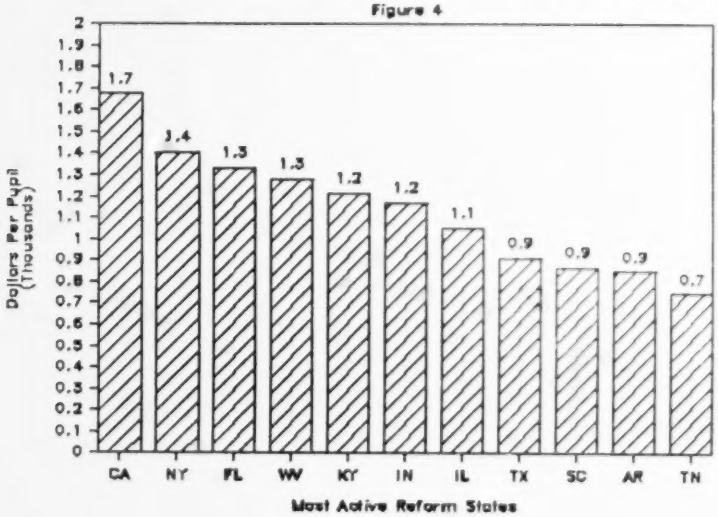


TABLE 4
STATE SUPPORT OF EDUCATION

State	1980-81 Per Pupil Appropriatn	1980-81 % State Support	Per Pupil Increase For Reform
California	$1,673	65.8%	$197
New York	$1,404	39.1%	$150
Florida	$1,332	55.4%	X
W. Virginia	$1,279	60.0%	$0
Kentucky	$1,211	64.0%	$0
Indiana	$1,171	53.0%	X
Illinois	$1,052	38.5%	$169
Texas	$910	48.4%	$335
S. Carolina	$866	48.2%	$331
Arkansas	$850	48.5%	$332
Tennessee	$745	40.6%	$402

X = Unknown

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Scope of Reform Efforts and Estimated Need

Appropriations for the current fiscal year and an estimate of full implementation costs are presented in Table 3. Educational reform initiatives fall in one of four categories. "Partially-funded," projects denote grant programs and pilot programs funded at a substantial level and affecting a large number of school districts, but falling far short of the estimated need. "Pilot programs," designate those activities of a small-scale or primarily experimental nature with the intention of later full implementation. "Short-term or one-time," programs denote projects that imply few long run costs, that carry a specific date for phase-out in the legislation, or provide for implementation of the reform legislation.

Long-term or special programs.

At a cost of $300 per pupil--the average costs projected for Chicago summer schools--$15 million would serve approximately 50,000 students on a statewide basis. Short summer school sessions, such as two week programs for the gifted, could expand the number of students reached by state funded summer schools. Approximately 261,000 students need summer school, assuming that 5 percent of the state's enrollment (90,000) qualify as gifted, and 25 percent of students in grades 3, 6, 8, and 10 need remedial help (171,000). If all students performing below grade level were eligible for summer school, another 280,000 students would be added to this total. Because many eligible students would not want, or would not be able, to participate in summer school, the full implementation cost of $39.1 million represents the cost of serving only half of the 261,000 students. Though the K-6 arts program is funded at a low level and little idea exists of the number of districts or students affected, the legislation implies long term support for the grants program. No appropriations were made to support changes in mandated Drivers Education, Physical Education, and Bilingual Education; costs of these changes will be borne by local districts.

Few objective measures of the need for staff development exist, but reform initiatives and the legislation imply that state funding for this purpose should exist beyond an implementation phase and perhaps could be expanded to address the unique needs of new and reentering teachers. The Illinois Commission proposals estimated $23.3 million for staff development, and represents a high estimate of need in this area. The $500,000 for scholarships in areas of teacher shortage and for women and minorities in educational administration provides for about 25 additional scholarships for prospective teachers. The $1.1 million full implementation figure is the full cost estimate of Illinois Commisssion proposals (Nelson & Hess, 1985).

The $10 million predicted second year cost of the Education Service Centers is based on Governor Thompson's proposed funding level for the first year. Though the Governor proposed only $2 million for the second year and none thereafter, $10 million is projected as the full-implementation support level. The Administrators' Academy could serve about 6,872 people with the rank of assistant principal or above. Since $1 million exceeds any funding level proposed in reform initiatives, the figure is taken as the full implementation funding level.

TABLE 3
REFORM APPROPRIATIONS AND FULL IMPLEMENTATION COSTS

PROGRAMS	FY 1986 APPROPRIATIONS (millions)	NUMBER SERVED	FY 1987 APPROPRIATIONS (millions)	NUMBER SERVED	FULL IMPLEMENTATION (millions)	NUMBER SERVED
LONG TERM or SPECIAL PROGRAMS						
Summer Schl(Gifted/Disadvan)	$15.0	50,000	$15.0	50,000	$67.5	261,000
Arts Planning Grants (K-6)	0.5	unknown	0.5	unknown	0.5	900,000
Drivers Education Mandate	0.0	187,000	0.0	187,000	0.0	187,000
Physical Education Mandate	0.0	52,000	0.0	52,000	7.8	52,000
Transitional Language Mandate	0.0	17,000	0.0	17,000	25.6	17,000
Staff Development	3.0	115,000	3.0	115,000	3.0 a	115,000
Teacher Scholarships	0.4	100	0.5	125	1.1	unknown
Educational Service Centers	8.5	unknown	10	unknown	10.0	unknown
Administrator's Academy	1.0	6,872	1	6,872	1.0	6,872
Total	$28.4		$30.0		$116.5	
PARTIALLY FUNDED PROGRAMS						
Preschool Grants	$9.0	16,513	$18.0	16,513	$107.8 b	112,000
Truants/Optional Ed.	10.0	36,496	10.0	36,496	31.7	115,000
Math/Science Academy	0.5	0	3.0	500	3.0	500
Total	$19.5		$31.0		$142.5	
PILOT PROGRAMS						
Preschool(Age 0-3) Handicapped	$1.0	330	$3.0	1,000	$33.0	10,500
Career Compensation(Teachers)	3.5	1,773	3.5	1,773	227.0 c	115,000
Total	$4.5		$6.5		$260.0	
SHORT TERM/ONE TIME PROGRAMS						
Reading Improvement Program	$38.0	150,000	$40.0	150,000	$148.7 d	230,000
Testing, Schl Report Card, Objective Setting	3.1	1,800,000	4.6	1,800,000	0.4 e	1,800,000
Consumer Ed. Proviciency Test	0.2	unknown	0.0	unknown	0.2	unknown
Preschool Screening	3.1	180,000	3.1	180,000	3.1	180,000
Math/Science Equipment	20.0	830,000	0.0	0	20.0	830,000
Vocational Ed. Equipment	5.0	400,000	0.0	0	5.0	400,000
District Reorganization	0.8	0	0.8	unknown	196.3 f	39,000
Teacher "Bar exam"	0.5	unknown	0.5	unknown	0.0	unknown
Study: Initial Year Teaching	0.2	unknown	0.0	0	0.2	unknown
Total	$70.9		$49.0		$373.9	
TOTAL ALL PROGRAMS	$123.3		$116.5		$892.9	

a--The Illinois Commission proposed $23.3 million.
b--Duplicating the Perry Preschool Project level would cost $379.4 million.
c--The extended contract proposal of the Illinois Project would cost $391 million.
d--Authorizing legislation for the Reading Improvement Program expires in June, 1989.
e--Local implementation costs will far exceed state administrative costs.
f--Teacher salary equalization costs for 39,000 teachers.

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Partially-funded programs.

Though called pilot programs, the preschool and truants/optional education grant programs can be expected to operate as partially funded programs. While they will affect a large number of students and districts, it is not clear that the legislature intends to expand these programs past the "pilot" phase. The $9 million for preschool will reach only 16,513 disadvantaged preschoolers for one semester if the annual per pupil costs is $1,090--enough to provide a teacher and aide for each 20 students (Nelson & Hess, 1985). Fully $18 million will be needed to provide services for this same number of children on an annual basis. In addition to those currently served in federally-funded preschools, 112,000 disadvantaged three and four year olds need service (assuming that 17 percent of preschool age children are disadvantaged, and another 14 percent are "at risk" in other ways). This implies a full-implementation cost of $107 million. To provide the same level of services as the Perry preschool project, the widely cited Ypsilanti study supporting the effectiveness of preschool, the price tag, for the disadvantaged only, rises to $380 million (Nelson & Hess, 1985).

If service levels for the Truants' Alternative Program, funded for $1 million in 1984-85, were straightforwardly extended to the $10 million funding level, 36,496 pupils would get services. This figure represents only $274 per pupil, however, and many of the optional education proposals would cost substantially more. Though no sure figure of potential need exists, 115,000 students approximates the number of students "at-risk" of dropping out (Nelson & Hess, 1985) at the high school level. Truancy, chronic misbehavior, poor self-concept and general disaffection with schooling also exist at the junior high level. At $274 per pupil, full implementation would cost $31.7 million for 155,000 students.

The $3 million full-implementation cost of the math/science academy is the product of 500 students at a cost of $6,000 per student.

Pilot programs.

The career compensation pilot program will serve only about 7 districts and if the pilot program districts average the same size as the typical Illinois district, only 1,775 teachers will be affected. Full implementation of a program modeled after the Tennessee Career Teacher Plan would cost about $277 million (Nelson & Hess, 1985). Extending contracts through the summer months, as proposed by the Illinois Project for School Reform, would cost about $391 million.

The cost assumptions and service levels for birth to three preschool duplicate those of the State Board, which wants full implementation by 1988-89. The $3.0 million anticipated FY 87 appropriation denotes the need to make some progress on the $33 million need.

Short-term or one-time programs.

The reform legislation specifically terminates the Reading Improvement Program by June, 1989, thus creating no long-run obligations. Furthermore, the strong possibility that funding generated through this program can supplant existing local expenditures on reading improvement complicates the estimates of student eligibility. If the $30 million designated for personnel provided a $10,000 subsidy for one new teacher with a caseload of 50 pupils (or one aide for every class of 25) needing remedial help, approximately 150,000 students could be served. To the extent that current services are supplanted, the funds generated by RIP are distributed across a broad number of pupils for a broad range of purposes. If 30 percent of students in grades K-6 need reading help, more than 230,000 students need help with reading improvement. However, it is estimated that some 170,000 students are below grade level in Chicago alone. To subsidize one reading teacher for every 50 pupils needing remedial help would require $46 million in new state money.

The $4.6 million expected appropriation for testing, objective setting, and the school report card reflects the full costs expected by the Illinois Commission, including pilot testing for state anchor items. Over the long run, the only state support is likely to be technical assistance, for which $0.4 million was appropriated in 1985-86. Though the distribution of preschool readiness screening funds is not yet known, screening of all public and private kindergarten students would affect about 180,000 students. Preschool and kindergarten screening would double this number. The legislation indicates no long-term financial obligation to screening, and districts are not required to screen, thus the grants program is probably best viewed as a temporary financial encouragement.

Details of the distribution of the math, science and vocational education equipment funds in "Build Illinois" are not yet known, but clearly these appropriations represent a one-time boost for local districts. The remaining reform appropriations represent funds needed for implementing several of the reform proposals. Funding will be needed to support the development of teacher training over the next several years but once in place can be supported by applicant's fees. The school district reorganization efforts mandated in the reform legislation will be finished within two years. The major costs associated with district reorganization involve salary and benefit equalization in newly merged districts; no provision has been made to meet these huge costs.

Financing the Reforms and General State Aid Increase

The $100 million reform package was accompanied by new revenue:

--A telecommunications excise tax imposes a 5 percent tax on gross receipts, and is projected to generate about $61 million for 1985-86 and $80 million for 1986-87.

--An additional cigarette tax, equal to the amount of federal tax which was to have been removed on Octorber 1, 1985, was projected to yeild $70-80 million for 1985-86 and $100-107 million for 1986-87. These revenue projections depended on a federal drop of 8 cents per package, which did not materialize as expected.

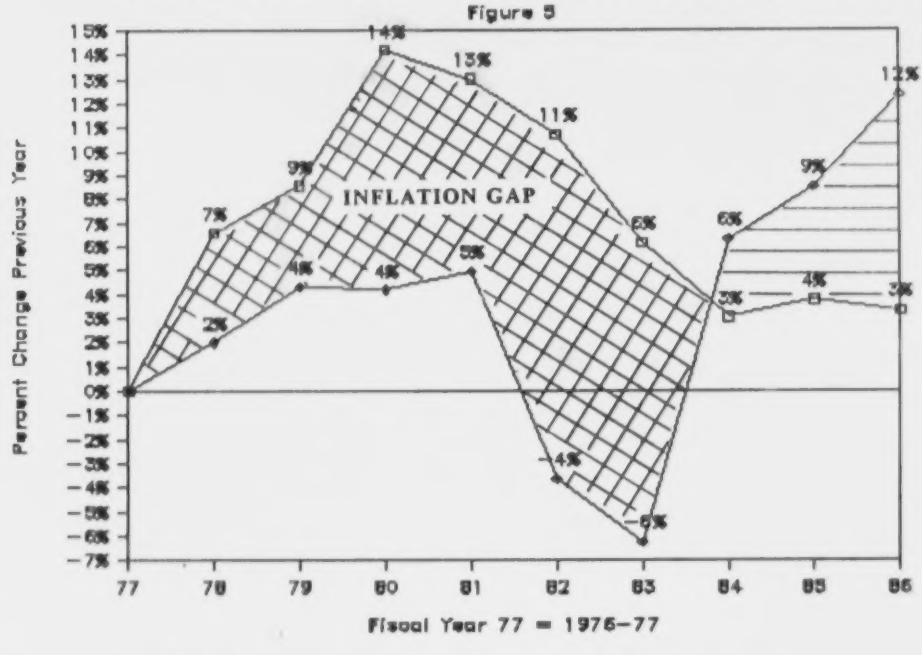
The new revenue sources together would have yielded $130-140 million for the coming school year, and $180-190 million for the following year. Yet direct reform appropriations total only $100 million (of which $38 million in Reading Improvement Program money can supplant current spending), plus the $25 million for education in Build Illinois which will be paid off over several years through bond payments. Much of the new revenue, therefore, will help support other state obligations to education. Indeed, appropriations for general state aid increased by $200 million (excluding last year's amnesty money from consideration), and total state support for education increased by over 17 percent. Arguments supporting the large general aid increase were: 1) that the reform legislation imposed many new unfunded burdens on local districts, and 2) that the reform legislation failed to raise minimum teacher salaries.

The Governor wanted $136 million for reform and $125 million in increased general state aid, for a total of $261 million. The State Board wanted about $92 million for reform and $200 million for general state aid. The legislature adopted figures closer to the State Board's recommendation but also increased categorical and pension funding by $80 million. These figures ignore the tax amnesty funding of the previous year. Subtracting the $90 million in tax amnesty funds from the previous year (about $15 million of the $90 million figure was distributed through the Corporate Personal Property Replacement taxes), local districts get an increase of only $110 million over the previous year. Thus, general state aid actually increased only about *eight percent* over the combined total of the previous year's general aid and tax amnesty money--slightly more than the previous year's increase.

Trends in the increase of general state aid, compared to trends in the increase in inflation, are presented in Figure 5. Clearly, state support for education increased substantially over the past three years. Much of this increase, however, could be considered a recovery from state neglect of education funding, its failure to keep pace with inflation since 1976.

ANNUAL CHANGE: INFLATION vs. ED FUNDING

Figure 5



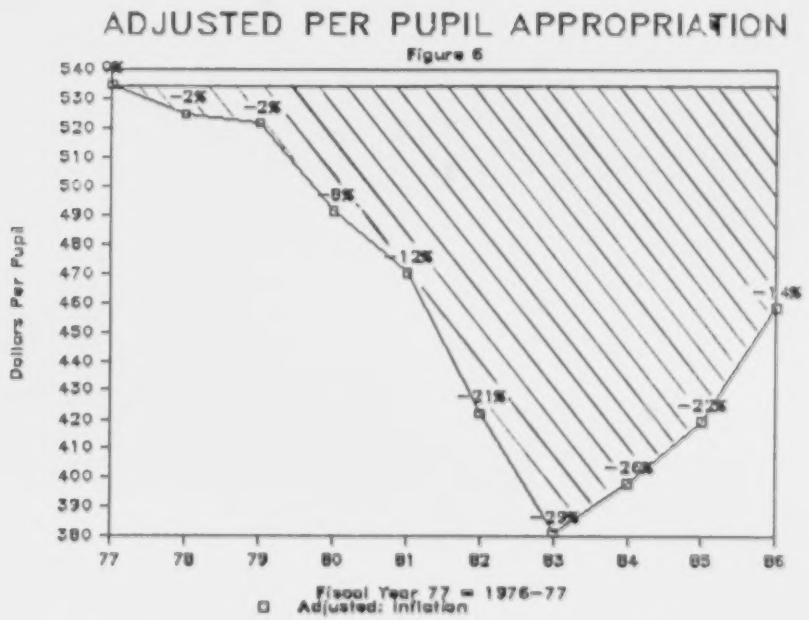
Even with the tax amnesty money in 1984-85, the total state appropriation for education was only $91 million higher than in 1980-81 despite a 13.5% inflation rate! The increase in revenue raised for education at the local level outstripped general aid for each year since 1980 (See Table 5).

TABLE 5
TRENDS IN STATE SCHOOL FUNDING
FY 1977 - 1986

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Consumer Price Index (1967 = 100)	167.5	178.5	193.8	221.3	250.1	276.9	296.0	303.0	314.5	325.0
Increase in Inflation	-----	7%	9%	14%	13%	11%	6%	3%	4%	3%
State Ed Appropriations * (million)	2,001	2,141	2,129	2,218	2,328	2,243	2,103	2,236	2,427	2,727
Increase in State Funding	-----	2%	4%	4%	5%	-4%	-6%	6%	9%	12%
Total State Enrollment (thousands)	2,234	2,179	2,106	2,039	1,980	1,919	1,876	1,853	1,840	1,830
Per Pupil Appropriations ($ per pupil)	$896	$937	$1,011	$1,088	$1,176	$1,169	$1,121	$1,207	$1,319	$1,490
Percent Change from 1977	0%	5%	13%	21%	31%	30%	25%	35%	47%	66%
Per Pupil Appropriations (Adjusted for Inflation)	$535	$525	$522	$492	$470	$422	$381	$398	$419	$459
Percent Change from 1977	0%	-2%	-2%	-8%	-12%	-21%	-29%	-26%	-22%	-14%

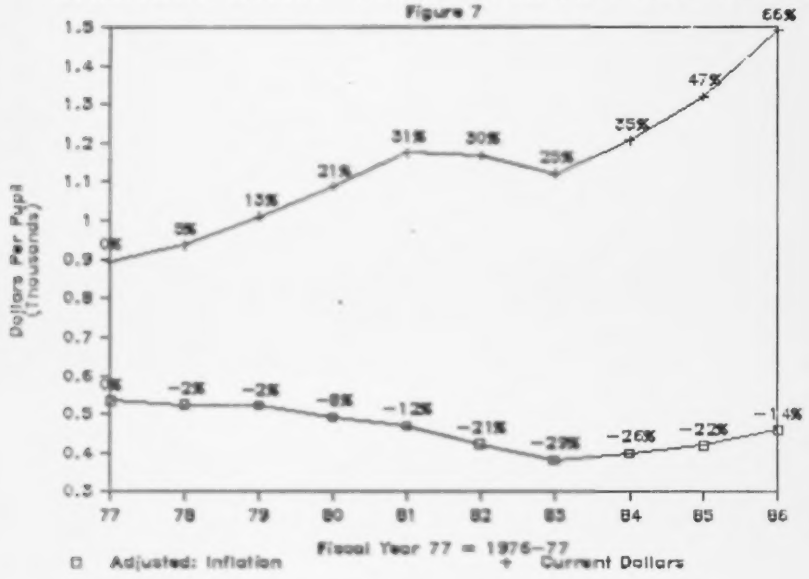
* Excludes federal funds and corporate personal property replacement taxes, but includes tax amnesty funds

The Governor has boasted that the increase in state aid for education this year was the largest in the state's history. When adjusted for inflation, however, this is not true (the increase in 1975 was larger). By 1982-83, state appropriations per pupil had fallen 29% below 1976-77 levels, in real dollars. Further, the current large increase in education funding still only brings the state halfway back to (still 14% below) 1976-77 levels of per pupil support (See Figure 6).



Although state appropriations rose in most years, with the notable exceptions of 1981-82 and 1982-83, these increases did not keep pace with inflation. The relatively small education increases were justified on the basis of declining enrollments, which have fallen by 404,000 students, statewide, over the past decade. With declining enrollments and minimally increasing appropriations, per student appropriations in current dollars rose fairly steadily. But in no year between 1976-77 and 1982-83 did that increase keep pace with inflation. By 1982-83, when school funds were reduced from the previous year's budget, state appropriations were 29% below 1977 levels in real dollars (See Figure 7).

CHANGE: STATE PER PUPIL APPROPRIATION



Minimal increases in per pupil appropriations for 1983-84 did exceed inflation, but did not yet return even to the 1981-82 levels! Only with the tax amnesty funds in 1984-85 and this year's reform appropriations has any real progress at recovering the loses to inflation been made. But even after the increases this year, state support remains 14% below 1977 levels. **The General Assembly would have to increase its educational appropriations by $470 million next spring to return to 1977 per pupil support levels.**

Further, the move towards restoration of state funding levels and the reform program initiatives, together, only lead towards a restoration of educational programs which existed in school districts across the state in the 1970s. While there are some new initiatives, over half the money explicitely committed to reform is included in just two programs: the Reading Improvement Program and Summer Schools. In many districts, the moneys received through these programs will simply restore programs and staff cut during the Reductions In Force (RIFs) necessitated by declining state per pupil support. For example, in Chicago 200 reading teachers were cut out of the budget during 1980 and 1981, and summer school programs were virtually eliminated. These reforms will simply restore earlier program levels in the city.

II. Review of Reform Legislation

In this section of the report, various reform provisions will be examined individually. Each program is described, compared with the proposed reform, and assessed for its fiscal impact.

A. STUDENT ASSESSMENT

1. Student Testing and School Report Cards

The reform package in this area:

--Requires the Illinois State Board of Education (ISBE) to require each school district to set student learning objectives which meet or exceed state goals. Both the objectives and progress towards their accomplishment will be disseminated to the public. The State Board has responsibility for establishing the process to approve local objectives, plans for improvement, and public reporting.

--Requires districts to test students enrolled in grades 3, 6 and 8 in reading (by the end of the 1987-88 academic year), mathematics (by the end of the 1988-89 academic year), and langauge arts (by the end of the 1989-90 academic year). Students in 10th grade will be similarly tested but the implementation schedule falls two years behind that for grades 3, 6 and 8. Students receiving "specialized educational services" under Article 14 of the School Code are specifically exempt from testing, but the effect of this exemption is unclear in the legislation. Article 14 addresses more than handicapped children: Article 14-A focuses on gifted children, Article 14-B deals with compensatory education, and Article 14-C addresses limited English proficient children. The ISBE will prescribe assessment procedures, establish model procedures, choose test items for state reporting, and establish a common month for statewide assessment.

--Requires an individual remediation plan for students demonstrating, "A proficiency level comparable to the average pupil performance one grade or more below current placement."

--Requires school districts to publish a school report card assessing the performance of its schools and students measured against statewide and local standards including prior year comparisons. The report must be issued by the end of October, beginning in 1986; the report card format will be prepared by the State Board. More than two dozen specific indicators are required in the legislation including, "district expenditure by fund in graphic display," and salary comparisons.

Relationship to Reform Proposals

The requirement to set student learning objectives matches the reform proposals of the ISBE and the Illinois Commission. Many of the ambiguities in the student testing reform proposals remain in the legislation. Though the mix of standardized and competency testing is not known, clearly some of the

testing will be used for the purpose of making comparisons among districts. None of the reform proposals considered the issue of the circumstances under which some students could be excluded from testing provisions. The reform package, however, specifically excludes students getting special educational services under Article 14 of the school code. "Special educational services," may denote a broader category of students than just the handicapped. Reference to Article 14 could be interpreted as including Articles 14-A, 14-B, and 14-C. The broader interpretation would exempt many disadvantaged children. Even a narrow interpretation of the exemption would exempt children in speech/language programs.

The individual remediation plan represents a retreat from the proposals of the Illinois Commisssion and the Governor to retain students performing below grade level. School districts might have more discretion in determining who needs an individual remediation plan than suggested in the reform proposals. Not only does teacher judgment play an important role in the decision, the legislation implies that local placement standards, rather than national test norms, would determine the need for remediation.

The school report card provisions are more detailed than the Governor's proposal or any other reform proposal calling for dissemination of students assessment data to the public. Since the report card will involve a standardized reporting form, local districts will have little discretion over the actual construction of the report card. The legislation contains no specific rules for exempting students from the report card data, though regulations may provide for exemption of certain catagories of students.

Fiscal Implications

The appropriations bill contains $3.1 million for student assessment of which $400,000 would fund state technical assistance. Apparently, most of the other $2.7 million would help fund school report card costs and objective setting at the local level. The Illinois Commission proposed $3.8 million, of which 2.3 million would fund local objective setting and testing. The Governor proposed $2.7 million for school report card costs. The State Board wanted $5.4 million for instructional program reform grants and $0.4 million for administration. The State Board felt that technical assistance could help "reprioritize" federal discretionary funds granted to local districts (Reference Note 2). The $0.4 million appropriation level for technical assistance and administration is sufficient to offer some technical assitance to districts with inadequate standardized testing programs, to provide for state administrative costs, and to develop a minimal set of common items for state reporting purposes.

By removing the arbitrary link in many reform proposals between testing outcomes and retention or remediation decisions, technical standards and the expense of testing programs can be reduced. More important is the avoidance of the direct costs of retention and remediation--which could have reached $200 million annually according to the Panel's study of reform initiatives.

B. STUDENT SERVICES

2. Instructional Program Assistance: Focus on Remediation and the Gifted

Though no formal link exists between testing and retention or remediation, the reform package appears to devote substantial resources to remedial assistance, particularly the Reading Improvement Program (funded at the $38 million level for 1985-86) and summer school funding ($15 million for the upcoming academic year):

--The Reading Improvement Program ties funding to reading specialists, teacher aides, or other personnel ($30 million), and helps provide printed materials for instruction, primarily books ($8 million) for grades K-6. Fully 70 percent of state funding depends on the average daily attendance of the district, while the remaing 30 percent depends on the number of economically disadvantaged (E.C.I.A. Chapter I) pupils in the district. Authority for the Reading Improvement Program expires on June 30, 1989.

--Reading specialists, not to exceed one for every 15 teachers, could receive subsidies of up to two-thirds of the minimum starting teacher salary of the district. Teachers aides, not to exceed one for every 3 certificated teachers, may be funded by the state at the lesser of their actual salary or one-third of the minimum beginning teacher's salary in the district. Aides must also have 30 hours of college credit or have completed a Teacher Aide Program approved by the State Board.

--School districts may apply for summer school grants to serve students needing remedial education in order to qualify for academic advancement. Tuition cannot be charged. Responsibility for establishing the criteria for student eligibility and funding was assigned to the State Board. The State Board is treating the summer school legislation much like the R.I.P. Emphasis is being placed on "at risk" students rather than gifted students, and the money will be distributed through a formula almost identical to the R.I.P. distribution formula which gives added weight to economically disadvantaged students (Superintendent's advisory letter, September 27, 1985).

--The reform package authorized the Secretary of State to issue grants for a variety of literacy programs, and was funded at the $2 million level.

In addition to programs aimed at poorly performing students, a number of reforms focus on the other side of the curriculum:

--The same summer school provisions guiding summer school for remedial purposes governs summer schools for gifted or talented children as defined in Section 14A-2 of the School Code, and both will be funded by the same pool of money. The legislation does not specify the balance between gifted and remedial summer school funding, but the State Board plans to allocate more funding to districts with more disadvantaged pupils.

--Though not part of the educational reform package, the "Build Illinois" program contains $20 million for upgrading math and science equipment. The aid will be distributed through a formula that requires a 10 percent local district contribution. Pupils of nonpublic schools are eligible for this aid at the request of their parents.

--"Build Illinois" also includes $5 million for vocational education equipment grants similar to the math/science equipment program. Children attending nonpublic schools are eligible for this aid also. The State Board of Education interprets the 10 percent local contribution as a requirement for

--The reform legislation authorized a residential math/science academy to be located in the Fox River valley, and $0.5 million was appropriated for planning purposes. In October, the Governor chose Aurora as the site for the academy.

--The State Board will provide competitive grants to school districts for the purpose of developing comprehensive arts programs in grades K-6. For 1985-86, $0.5 million has been appropriated.

Relationship to Reform Proposals

The Illinois Commission addressed remedial education in the context of retaining students performing below acceptable proficiency levels. Though short on specifics, the predicted cost of remediation for students performing below proficiency levels, over and above exisiting compensatory education programs, was calculated at about $110 million to serve just over 300,000 students statewide (25 percent of enrollment in grades 4-12). Both the low and high cost estimates of the Panel's study of reform initiatives ($137.3 million to $181 million) exceeded this figure (Nelson & Hess, 1985). The $38 million appropriated for the Reading Improvement Program, and the funding distribution formula matched the Governor's proposed reading initiative. The reform proposals did not contain information on the degree to which personnel costs would be reimbursed.

As discussed below, the number of students newly served by the Reading Improvement Program depends on a number of factors including the extent to which supplanting of local funding of existing reading programs will be allowed. Supplanting may result in few new remedial services. Even if all funding for personnel went to new reading teachers, if the state provided an average of $10,200 per teacher with the remainder of the salary coming form local sources, and if these new reading teachers averaged a caseload of 50 students, no more than 150,000 students could be served statewide.

Summer school programs, either for gifted students or for remedial purposes, were not specific components of the major reform proposals, though remedial summer school obviously falls within the general rubric of remedial programs. The Chicago Board of Education submitted a summer school proposal as part of its legislative package and as a component of its dropout prevention program. In addition to the connection to dropouts, summer school was touted as a financially sensible way to extend the school year, a reform that otherwise proved immensely expensive (as much as $1.4 billion to offer 220 school days of eight hours each for every student in Illinois). Furthermore, summer school takes advantage of unused building space, and since annual teacher benefits are already paid over the 9.5 month school year, only direct salary costs are incurred. The supplemental pay for teachers helps raise their annual income--an important part of all the major reform packages. Inclusion of the gifted in summer school plans partly reflects current state funding of summer schools that are part of local district programs for the gifted and talented. The entire state budget for the gifted and talented during 1984-85 was just under $6 million.

The math-science equipment program was proposed both in the Governor's educational reform package and in "Build Illinois". The Governor's proposals however, did not specifically allow nonpublic schools to participate. Private

sector contributions were to make up the 10 percent matching contribution for the vocational education equipment allocations, and supplanting of local funds already designated for math and science equipment was not to be allowed. The legislation doe not address the issue of supplantation. The math/science academy has been on Governor Thompson's wish list for several years. The arts program development grants did not appear on the agenda of major education reforms going into the session.

Fiscal Implications

More than half of the cost of the reform package lies in the Reading Improvement Program and summer school funding--but the cost of the entire reform package falls below the cost of remediation alone according to Illinois Commission calculations.

Though $30 million is appropriated for reading specialists and teacher aides, the funding mechanism could leverage the state appropriation to a considerably higher level of combined state and local support for remediation; however, if the supplanting of local funds is allowed, few new expenditures would result:

1. If all of the $30 million subsidized reading specialists, at a cost of $33,000 per teacher (the average cost per teacher including benefits in Illinois), and each teacher received a subsidy of $10,200 (2/3s of the average beginning teacher's salary in Illinois), $30 million of state funds would leverage a total expenditure of $97 million (requiring local districts to expend $67 million from local revenues). If appropriations are insufficient to support the $10,200 subsidy, proration of the $30 million would leverage state resources even more.

2. Though reading specialists would probably have the salary of the average teacher, a better measure of cost in the short run (existence of the reading improvement program is only assured for the next four years) would be the cost of a new teacher--about $20,800 with benefits considered--either to serve as a reading specialist or to take the place of the reading specialist in the classroom. Under these conditions, $30 million would be leveraged into more than $60 million including local funding.

3. The $30 million could be used to hire teacher aides. Not only does the subsidy level--about $5,100--come closer to the full costs of a teacher aide, but the teacher aide work force would be easier to reduce if the Reading Improvement Program exists for only four years.

4. The $30 million could be used to subsidize the services of currently employed reading specialists and teacher aides, thus freeing resources to be spent on other educational activities at the local level or on higher salaries for all teachers. No new remedial services would then be provided. The fourth possibility appears to best reflect legislative intent and the interpretation of the R.I.P. legislation by the State Board. Even before applications were available, the State Board notified districts of their "allotment" based on enrollment and Chapter I eligible students (State Superintendent's Advisory letter, September 20, 1985). Early evidence indicates that districts plan to use the new money to supplant local services.

Clearly, in promulgating rules and regulations necessary for the implementation of the Reading Improvement Program, the State Board will determine the fiscal impact of the program at the local level, which districts get the resources, and the extent of remedial services. Since districts have much latitude in determining who must get an individual remediation plan, the

Linking reimbursement to the district's own minimum starting teacher salary represents a new development in state financing mechanisms. On the one hand, the wealthy districts, which can afford the highest salaries, will get the most help from the state. On the other hand, minimum starting salaries vary less within a geographic area than between geographic areas, primarily in response to cost of living differences. The average beginning salary of the 32 elementary districts in Northern Cook County, for example, ranged from $15,000 to $18,625 in 1984-85. Chicago's beginning salary was about $15,000, and the state average was about $14,500. Thus the link to the minimum teacher salary serves as a crude form of a cost index. Such policies may also encourage an upward movement of the beginning teachers salary.

Summer school money will be distributed as grants, but only a few other specifics are known regarding the extent of the local contribution if any, whether or not the grants are competitive, and the relative balance between grants for remedial purposes and grants for gifted programs. The State Board plans to award funds to those seeking grants based on enrollment, with more going to disadvantaged students (Superintendent's Advisory Letter, September 20, 1985). Apparently, local districts will decide on the balance of gifted and remedial summer school. According to estimates by the Panel, Chicago alone needs about $9 million just to provide summer school for 32,000 students--the number of high school students failing two or more courses during the previous year (Nelson & Hess, 1985). This figure would provide no assistance to failing elementary students.

The appropriation for the math-science equipment program in Build Illinois proves generous. At $25,000 a classroom, $20 million will remodel 800 classrooms. The Panel's study of reform initiatives, however, showed that the 1983 revisions in required courses for graduation created a need for only about 125 new math classrooms and no new science classrooms. The more stringent entrance requirements the Illinois Board of Higher Education plans to implement would create a need for about 75 additional math classrooms and 100 science classrooms. Thus, the appropriation goes far beyond reform generated need. It is more directly a capital contribution to many school districts for capacity expansion, rehabilitation, or upgrading. Further, the distribution formula raises equity questions since the wealthier districts, which are more likely to have the best math and science programs, will be more easily able to raise the 10 percent local share.

3. Discipline, Truants, Dropout Prevention and Optional Education

A number of proposals in the area of school discipline and safety were included as part of the reform package as well as significant new spending on truancy and dropout prevention:

--The Truants Alternative Program becomes the "Truants' alternative and optional education programs". About $10 million will help establish pilot programs on a full- or part-time basis to help prevent students from dropping out, and generally to help truant, uninvolved, unmotivated and disaffected students including evening school, summer school, community college courses, adult education preparation for the GED, vocational training, work experience, programs to enhance self concept, and parenting courses. School districts, educational service regions, or community college districts could sponsor the

pilot projects. Programs will be planned by a student, the student's parents, and school officials and will culminate in an individualized optional education plan.

--To address the recommendation of the Task Force on Hispanic Student Dropouts, funds were appropriated for summer school ($100,000), evening school ($100,000), after school activities ($100,000), career counseling programs ($25,000), and tutorial services ($50,000).

--School districts must establish a parent teacher advisory committee to develop, with the school board, a written policy on pupil discipline. The policy must provide that a teacher may remove a student from the classroom for disruptive behavior and must include provisions which provide due process to students.

--Allows the Department of Alcohol and Drug Abuse to establish alcohol and substance abuse education and prevention programs in all Educational Service Regions. After participating in state planning seminars, districts will be eligible for a grant of up to $1,500.

--About $0.2 million was appropriated to provide schools with telephones to call parents about children who are absent.

Relationship to Reform Proposals

Numerous reform proposals addressed the truancy and dropout situation. The plan finally adopted matches the State Board's proposal most closely. The agency sought to raise funding of the Truants Alternative Program from $1 million to $2.6 million and to require that local districts provide optional programs for 16 to 18 year olds. The State Board asked for $2 million to fund pilot programs for optional education. The Illinois Commission wanted to require school districts to provide programs for potential dropouts and students with chronic adjustment problems and to allow dropouts, age 16 to 18, to take the tests for the General Equivalency Diploma (GED). The Governor proposed to establish 60 alternative schools for students with serious discipline problems that would be operated by Educational Service Regions. Both the Illinois Commission and the Governor wanted pilot programs to enhance self-concept (self-image, self-esteem, etc.).

Except for the Chicago Teachers Union and the Governor, discipline was not a major part of the reform agenda. Both wanted to require districts to develop discipline codes. The CTU addditionally wanted to require Local Education Agencies (LEAs) to maintain records of requests for placement of students with chronic behavior problems with the state auditing the district records. A more modest version was enacted into law. The Governor added substance abuse to the reform agenda by recommending the education and prevention programs in 30 ESRs for 1985-86 at a cost of $1.6 million, and in all 57 ESRs the following year for $2.6 million. The Department of Alcohol and Substance Abuse already provides some help to districts on a voluntary basis.

Fiscal Implications

During the 1984-85 school year, the Truants Alternative Program served about 3,000 students in 15 programs for $1 million dollars--about $333 per pupil. Straightforward multiplication by 10 would result in 150 programs serving 30,000 students. Since Chicago has over half of the state's dropouts, Chicago should expect to get about half of the resources devoted to the pilot programs. During 1984-85, however, Chicago got only about 18 percent of the $1 million devoted to the Truants Alternative Program.

The Illinois Commission published cost estimates for optional education of $7.8 to $15.5 million and priced dropout prevention programs at $14.5 million. Twenty pilot programs on self-concept were also recommended along with a $2 million price tag. The Panel's study of reform initiatives pegged the cost of dropout prevention programs in the $20 to $30 million range. Though no sure estimate of need exists, the Panel's estimates assumed that 115,000 dropout-prone youth would need help (freshmen: 40,000, sophomores: 35,000, juniors: 25,000, and seniors: 15,000). Currently, the state can expect that over 30,000 students per class will actually drop out. Truancy, chronic misbehavior, poor self-concept and general disaffection with schooling also exist at the junior high level--a need not measured in the Panel's estimates. Overall then, $10 million will provide substantial assistance towards dropout prevention, truancy prevention, and the provision of optional education, but full implementation would likely cost three or four times as much.

4. Preschool and Kindergarten

The reform package includes financial incentives to provide both preschool and full-day kindergarten:

--Grants will help school districts conduct preschool programs for disadvantaged children (language, cultural, and economic) ages 3 to 5 which include a parent education component. Other "at risk" preschool-age children may be in these programs. Screening procedures must be used to determine that these children are at risk of academic failure. The legislature set aside $9.0 million for programs during 1985-86. Public school districts may subcontract with a private school, not-for-profit corporation, or other governmental agency. All teachers must hold either the early childhood teaching certificates or meet the requirements for supervising a day care center under the Child Care Act of 1969. The State Board will assess the programs and the progress of students, with a focus on academic progress.

--The State Board is assigned the responsibility of encouraging all school districts to evaluate their population of preschool children, and $3.1 million was appropriated for this purpose for 1985-86. The State Board plans to distribute the $3.1 million in conjunction with preschool program funds.

--A session of at least four hours in kindergarten allows students to be counted towards one full day of attendance for state aid purposes. Since the previous year's attendance determines current year state aid, school districts bear all of the first year costs of full-day kindergarten.

--Children will be allowed to enter kindergarten only if they turn 5 before September 1 (phased in as November 1 during 1986-87, and October 1, 1987-88) instead of the current December 1 cutoff date. Based on an assessment of school readiness, the school district may permit earlier enrollment.

--The State Board will contract with public and not-for-profit organizations to establish model programs to provide services to handicapped children up to the age of three years. Requests for proposals were issued in June 1985. A report on the model programs will be presented to the General Assembly in January 1989--midway through the first year of the state mandate for such services.

Relationship to Reform Proposals

Most major reform proposals endorsed the expansion of public support for preschool education focusing on the disadvantaged. The reform legislation and appropriation level closely matches the Governor's proposal to fund a number of model programs. The major exception to the Governor's proposal is that the grants will be awarded to public school districts who may then contract with non-profit groups and other governmnent agencies, such as universities. The Governor's proposal would have allowed the latter institutions to compete directly for grants.

The Governor's proposal was not clearly aimed at disadvantaged or "at risk" children. The Illinois Commission's cost estimates (Reference Note 3) included both the disadvantaged population and other "at risk" preschool age children. The final legislation applies to children at risk due to "language, cultural, economic, and like disadvantages".

Nearly all major reform proposals sought to count full-day kindergarten students as a full day student for state aid purposes. Changing the school entrance age was an important component of the Illinois Commission recommendations as was the inclusion of a school district's right to waive the cutoff date based on an assessment of school readiness. An important outcome of changing the entrance date will probably be increased use of school readiness testing--a policy long encouraged by the State Board of Education. The $3.1 million appropriation for school reading readiness helps ensure this development.

The proposed mandate of services for the birth-to-three handicapped population is scheduled for implementation in 1988-89 and is estimated to cost between $26 and $40 million. Only the State Board included pilot programs for this target group on the reform agenda.

Fiscal Implications

While the $9.0 million allocated for one semester of pilot preschool programs for the disadvantaged and other "at risk" children during 1985-86 provides substantial funding for a number of preschool age children, most disadvantaged children still will not get into a preschool. The Illinois Commission estimated a cost of $56.6 million to serve 31 percent of the

state's preschool population in half-day preschool, with no parent education component, with a class size of 30, and with teachers paid $15,225 a year. The Panel's study of reform initiatives figured that dropping class size to 20, adding an aide, and paying teachers at the state average salary would increase costs to $107 milion. Thus, pilot program funding would need to expand almost six times over the assumed full year costs of $18 million to accommodate the unmet need for preschool for the disadvantaged.

The Perry Preschool Project (Weikart, 1984) provides the major evidence for linking preschool to higher income, less crime, and lower welfare utilization. A preschool program for disadvantaged children only (about 18 percent of the age group) modeled after the Perry Preschool Project--a class size of six and parent education--was calculated to cost $379 million. An appropriation of $18 million would provide this level of services for just 4 of every 100 disadvantaged preschool age children.*

The fiscal implications of the kindergarten changes are not nearly so predictable. Counting full-day kindergarten students as 1.0 students for general aid purposes, compared to 0.5 students for half-day kindergarten, obligates no new money from the state. The immediate beneficiaries of the change are those districts currently operating full-day kindergartens, primarily federally-funded Headstart kindergartens. About 3,500 to 4,000 children receive full day kindergarten in Chicago and will generate about $2.5 million in additional state aid. The money generated by the change can fund new full-day kindergartens (since Headstart kindergarten programs are already funded) and those students generate even more state aid. The losers in this redistributive game are all of the other students in the state--particularly those in the property-poor school districts (which depend most heavily on state aid) which do not initiate full-day kindergarten, and in high school districts.

Response to the funding change is not known. Property-poor districts with a high proportion of Title I eligible students would generate the most increased state aid; but they also have the most difficulty raising the local revenue still needed to support a substantial program of full-day kindergarten. If 20 percent of kindergarten students participated in full-day kindergarten in districts that had the same characteristics with respect to wealth and teacher salaries as state averages, $19.8 million in total new costs would be generated. Currently, kindergarten students generate approximately $35 million in state aid, so $7 million of the $19.8 million would be covered by a redistribution of state aid, and as much as $7 million would be lost to other students in the state including half-day kindergarten students. Since $7 million--or even $35 million--is only a fraction of the $200 milion targeted for general state aid increases for 1985-86, it can be argued that increased state obligations for full-day kindergarten have been covered by larger than usual increases in state general aid, and in a sense could be considered part of reform funding.

*Personal communication from L. Sweinhart contends similar results can be achieved at class sizes of 20 (with one teacher and one aide); he estimates costs at 30% to 50% less for this level of involvement.

Changing the entrance date for kindergarten also has fiscal implications. During the three-year phase in, kindergarten class sizes would drop by an average of 8.33 percent statewide since only children born during an eleven month period would be eligible for enrollment. For aggregate figures, approximately 250 fewer teachers would be needed, an additional cost savings statewide of about $8.2 million each year, over the three year period. The cost savings attributed to lower enrollment for these three cohorts of children will then be passed through the system for 12 years. However, the enrollment drop off is small enough that, realistically, little reduction in the teaching force can be expected. School districts will lose state aid for about 12,500 kindergarten pupils or about $3 million dollars statewide during each of the three years, and for the following 12 years in the ripple effect.

The cutoff date waiver based on school readiness assessment will, of course, mitigate the enrollment drop off. The Illinois Commission published a cost estimate of $2.25 million to assess 180,000 four year olds at $12.50 per assessment. However, if more extensive readiness testing is employed, the programs will be considerably more expensive, perhaps serving as few as 6,000 students at such levels. The $3.1 million for screening in the reform legislation will be distributed by the State Board through the preschool grant mechanisms.

Birth-to-three services for handicapped children are expected to cost at least $30 or $40 million by 1990. This estimate depends on the assumption of a class size or case load of 10 students and an assumption that only 1.5 percent of children will qualify for services.

5. Instructional Mandates: Bilingual Education Physical Education and Driver Education

For several years the legislature has considered legislation addressing these instructional areas and changes occurred in each area as part of the reform package:

--Though the present bilingual education mandate remains in effect for attendance centers (school buildings) with more than 20 students from the same language background, school districts must now serve all other limited English proficient children in locally determined transitional language programs.

--School districts can now charge up to $50 for behind-the-wheel driver training, but the fee (like all school fees) must be waived for students unable to pay.

--Pupils in grades 11 and 12 may now be excused from physical education classes to: 1) enroll in academic classes essential to meet college entrance requirments, 2) enroll in courses needed for high school graduation provided that failure to take such courses will result in the pupil being unable to graduate, and 3) for on-going participation in interscholastic athletic programs. Students must be excused on an individual basis.

--Health education must now be part of the physical education program in grades 9 and 10.

--The State Board will develop a uniform Annual Consumer Education Proficiency Test, which high school students may take to be excused from mandated consumer education coursework.

Relationship to Reform Proposals

Transitional Language Programs. Only the State Board gave special attention to the bilingual education mandate, though for the past several sessions the legislature considered abolishing the bilingual education mandate altogether. Legislation submitted by the State Board would have preserved the existing mandate in Chicago only and allowed all other districts to pursue locally determined transitional language programs. The version passed left the bilingual education mandate intact, but requires "locally-determined" transitional language programs for all additional limited English proficient students. Thus, districts required to provide bilingual education in the past still face the same requirement.

Driver Education. Both the Illinois Commission and the State Board sought to let school districts charge fees for behind-the-wheel instruction, though no specific fee level had been suggested. Both wanted schools to be allowed to contract for this instruction, and the State Board tried to make classroom instruction optional.

Physical Education. The new physical education exemptions correspond closely to the Illinois Commission proposals. The State Board wanted exemption from the physical education requriement for all 11th and 12th graders, and to eliminate the requirement for daily instruction. The new State Board guidelines allow athletes to complete a course substituted for Physical Education regardless of the length of the sport's season. Specific courses and specific institutions must be listed for the "needed for college admission" exemption, however, implying limited use (State Superintendent's Advisory Letter, August 30, 1985).

Health Education. The specific issue of health education did not appear on the educational reform agenda. The effect of the change is to free-up enough time for students to take a one-half semester course at the middle school level, and a one-half semester course at the high school level, a change consistent with many recommendations to reduce the burden of mandated course work.

Consumer Education. Consumer education, specifically, was not on any major group's reform agenda though that State Board generally suports the notion of repleacing specific course requirements with broadly defined outcome statements.

Fiscal Implications

Transitional Language Programs. Changes in the laws affecting limited English proficient children represent **a major unfunded reform**, thus passing the burden on to the local districts. Even though the new obligation to an estimated 17,000 students in Illinois takes effect immediately, the bilingual education appropriation increased only by about 5 percent. Since districts mandated to provide bilingual education must continue to do so under the new provisions, no cost savings from substituting locally-determined transitional programs, if any exist, will result. While the legislation does not clearly state that locally determined transitional language programs will qualify for state funding, and regulations for the legislation have not yet been developed, the State Board is preparing to fund locally-determined

programs on the same terms as mandated bilingual programs. The current state appropriations for bilingual education fund about half of approved excess costs--down from the 60 percent level at the beginning of the decade.

One explanation for the absence of state funding is a misunderstanding in the legislature regarding the year on which state funding is based. Bilingual education funding provides state funds up front for the current year, rather than reimbursing districts for costs incurred during the previous school year--in which case funds appropriated for the mandate addition would not have been needed until 1986-87.

The former state superintendent's recommended budget (Reference Note 4) calculated that $14 million would be needed to serve the estimated 17,000 unserved students. The proposed budget submitted to the legislature (Reference Note 2), however, recommended a $10 million increase to serve an additional 4,000 students and to provide full funding of excess costs as provided for by Article 14-C of The School Code. Even $10 million, however, would not have provided full funding. The Panel's report on education reform proposals (Nelson & Hess, 1985) calculated that, assuming careful state monitoring of locally determined transitional language programs and moderate funding, additional combined state and local costs of about $25 million would be needed to serve the estimated 17,000 unserved limited English proficient students.

Driver Education. Many districts already charge "incidental" fees for behind the wheel instruction, and the authorization to charge a fee of up to $50 formalizes existing practices. The fee is probably not high enough to either discourage students from behind-the-wheel instruction (state law already provides for waiver of any school fees for students unable to pay them) or to result in major new revenue for school districts. State funding alone provided $72.44 per pupil for behind the wheel instruction, and this may cover only 20 to 25 percent of costs in some districts. If every behind-the-wheel pupil in the state paid $50, the sum totals to only about $7.2 million for an estimated 140,000 students.

Physical Education. The physical education mandate is not rigidly enforced and the reform may only validate many current practices. Because physical education classes tend to be large, they are among the lowest cost programs. To the extent that students substitute more expensive classes for physical education, the mandate change generates new costs. The Panel's study of reform initiatives calculated a $7.8 million cost figure if: 1) 5 percent of juniors and seniors substitute remedial education for one year of physical education, 2) 5 percent of juniors and seniors substitute athletics for one year of physical education, and 3) another 10 percent substitute courses for the college bound . If the waivers are widely used by school districts and loosely monitored by the State Board, the $7.8 million estimate could be on the low side.

Health Education. The cost of moving health education to physical education depends on the cost of courses students take with the time freed. Health education costs the same as the average course. Some students may take the more expensive remedial, vocational, or advanced classes.

Consumer Education Proficiency Test. The state mandates only nine weeks of consumer education and though sometimes taught as a specific course, consumer education is usually integrated into existing courses, or into parts of several courses. Utilization of the test may be minimal. The $150,000 appropriated for test development is probably adequate.

C. STAFF UPGRADING

6. Teacher Training, Certification, and Employment

Substantial changes in teacher training and certification provisions were enacted, while teacher compensation reforms were limited to the funding of a handful of pilot programs:

--The Chicago Board of Examiners will be abolished, effective July 1988, thus, all teachers will then belong to the same certification system. All current Chicago teachers and administrators will be awarded comparable state certificates without any additional requirements. One of three administrators and two of eight teachers on the State Certification Board will be from Chicago.

--Chicago substitute teacher policies are exempted from state regulations regarding substitute teachers.

--Each teacher training institution, on an individual basis, will need to develop procedures to ensure that students entering teacher education programs are proficient in the areas of reading, mathematics, and language arts.

--Beginning July 1988, prospective teachers, administrators, and other certificated personnel making their initial application for certification will need to pass an examination of basic skills and a content knowledge test written for a specific field of teaching. The secondary certificate will be replaced by a subject-specific certificate. The State Board will designate tests and "fix" passing scores.

--Early childhood certificates will be valid for teaching children through grade 3 instead of just children who are no older than 6.

--School boards must check on the criminal background of teachers, and cannot employ persons convicted of sex offenses or narcotics offenses (limited to felons).

Relationship to Reform Proposals

The State Board, the Illinois Project for School Reform, and the Chicago Teachers Union recommended disestablishment of the Chicago Board of Examiners. The testing of new teachers proposed by the Governor and the Illinois Commision suggested a single statewide certification agency. Extending the early childhood certificate through 3rd grade helps make the two certification systems more comparable and increases flexibility in teaching assignments.

All major reform proposals, except the Governor's, suggested the need to raise entrance standards for teacher education programs. The legislation enacted represents an undemanding reform since testing need not be a component of the procedures and teacher training institutions will negotiate individually with the Illinois State Board of Higher Education.

The Governor, the Illinois Commission, and the Chicago Teachers Union supported certification tests for new teachers. The State Board, however, which will have the major responsiblity for test selection and teacher supply levels (by "fixing" the level of passing scores) took no position on the subject. The addition of prospective administrators and other certificated personnel to the testing requirement occurred during the legislative session.

Fiscal Implications

Chicago's Board of Examiners was financed by about $0.5 million from the Board's Education Fund. Many of its current functions will be spread to other units of the Chicago Board of Education. Other certification functions not located in the Board of Examiners will be surrendered to the state, resulting in additional local cost savings. New costs will be incurred by the Illinois Teacher Certification Board. and the State Board of Education. In particular, bilingual teacher certification, which requires language testing, will quadruple at the state level.

The effect of abolishing the Board of Examiners on Chicago's ability to attract and retain teachers is not clear. More than half of Chicago's teachers maintain state certificates. Teachers will be able to enter and leave the Chicago system more easily. The slowness of the examination system in Chicago once resulted in the loss of many prospective teachers. In some circumstances, Chicago may find personnel more difficult to obtain under statewide certification. It is well known that bilingual teacher certification standards are less rigorous in Chicago and that bilingual teachers are in very short supply (100 vacancies at the beginning of the 1985-86 school year, and another 300 classrooms had teachers who were not fully qualified). In the past, substitute teaching on a full-time basis often provided a circuitous route to certification. Chicago's exemption from state rules regarding substitutes may preserve some of these policies.

The new requirements addressing standards for entrance to teacher training are sufficently flexible and vague that they should not decrease substantially the supply of new teachers. The National Center for Educational Statistics (Condition of Education, 1983) reports that 75 percent of schools or colleges of education raised entrance criteria in the 5 years previous to 1982. Yet, these widespread efforts apparently had little impact on those advocating reform.

The effect of the "bar examination" for teachers, administrators and other certificated personnel is completely unknown since the critical variable--the cutoff score--is unknown. In many states that test new teachers, the cutoff scores are so low that teacher testing has not significantly affected the supply of new teachers. In others, such as California and Louisiana, teacher testing sharply reduced the supply of teachers. In Louisiana, new Black teachers virtually disappeared from the market place. Louisiana reacted by lowering the cut scores, and California has embarked on a program to raise minimum salaries. Some research shows that beginning salaries would have to rise by 20 percent to maintain a constant labor supply if cut scores were set at the score of the average college-bound senior (Mansky, 1985). California's experience (California Tax Foundation, 1985) illustrates the difficulty of attempting to raise beginning salaries without shifting the

entire salary schedule, and without raising administrator's salaries. The Panel's study of reform initiatives estimated that a 16.3 percent across the board salary increase would cost $861 million when accounting for anticipated administrator and non-certified personnel salary increases. Without such a financial commitment, it is more likely that the State Board will be forced to fix the cut off score at a low level.

The legislature avoided many complicted economic and legal issues by giving the authority to select tests, determine testing procedures, and study test cutoff scores to the State Board, where the many economic and legal issues can be worked out. School officials, on the other hand can also expect little radical change in the supply and quality of new teachers.

Several basic skills tests are on the market, and applicant fees largely pay for these exams. The State Board estimates that the cost of developing separate tests for about 50 different certification areas would be at least $1.5 million (A Study of the Quality of the Preparation and Performance of Illinois Educational Personnel, 1983). The $0.5 million appropriated for 1985-86 represents only a portion of test development costs.

7. Teacher Compensation and Scholarships

Most of the reform plans for expanding teacher scholarship programs were enacted into legislation, while the numerous proposals to restructure teacher compensation were ignored and proposals to alter the career structure of teaching were reduced to a small pilot program:

--The newly created Center for Excellence in Teaching will conduct a study of career compensation programs in 5 to 7 districts funded by a $3.5 million appropriation. These pilot programs may include extended contracts, career ladders, or performance-based pay. Extended contracts may encompass professional development including university course offerings, curriculum development, or instruction of students with special needs.

--The state will award scholarships to newly preparing teachers and experienced teachers preparing to teach in curriculum areas with teacher shortages. Scholarships must be repaid unless the teacher finds a job in the identified shortage area within one year after completing the program and teaches in the area for three years. Students attending private institutions are eligble for scholarships. The current math-science scholarship program remains intact.

--A similar scholarship program, without the repayment provisions, allows women, racial minorities, and Hispanics to seek assistance to pursue administrative certification.

--The State Board will set up an administrator internship program focused on the superintendency for women and minorities and may award internship grants.

Despite the absence of major structural reforms in teacher compensation, the large increase in general state aid was partly intended for salary improvement. Much of the $30 million in the Reading Improvement Program designated for personnel may also be used by local districts to improve salaries.

Relationship to Reform Proposals

At first glance, the pilot programs of the Center for Excellence in Teaching seem to be modeled after the Governor's proposed $10 million in planning grants for performance-based pay programs. The pilot programs, however, could involve the extended contracts emphasized by the Illinois Project for School Reform, or the career compensation plans endorsed by the Chicago Teachers Union. The Illinois Commission wanted local districts to establish programs aimed at, "providing a wider array of roles and responsibilities within teaching," and preliminary cost estimates (Reference Note 1) included a matching grant program for 10 to 15 experimental programs. The pilot programs in the reform legislation could result in many direct and indirect services to children, such as summer school or curriculum development, rather than just the monetary awards to teachers judged as outstanding implied by performance-based pay.

Both the Illinois Commission and the State Board sought to offer scholarships in all areas of staff shortage and to offer the scholarships to those preparing to teach, as well as to teachers seeking retraining, attending either public or private institutions. Existing scholarship programs aim at a specific target population (e.g., math and science, special education, etc.) and, like the math/science scholarships, were sometimes limited to experienced teachers attending public institutions. The administration scholarship program represents the position of the Illinois Commission. The State Board wanted a recruitment program, but not necessarily scholarships. The Illinois Commission proposed fully-paid internships in administration for women and minorities, whereas the legislation calls only for an internship program which may involve grants.

Fiscal Implications

Reforms addressing teacher compensation issues proved enormously expensive. The Illinois Commission and State Board projected a need for $396 million by 1987-88, above expected salary increases, to bring the minimum teacher salary to $20,000. The Panel's study of reform initiatives indicated that the figure might be as high as $860 million when considering salary-driven benefits and associated administrator salary increases. The Illinois Project for School Reform thought that $200 million could fund an extended year for experienced teachers. The Panel's report calculated the cost at closer to $400 million. A program modeled after Tennessee's Career Teacher Plan would cost at least $225 million. Clearly the $3.5 million designated for 5 to 7 pilot programs barely keeps alive interest in these personnel compensation issues.

Scholarship funding represents a substantial increase over previous scholarship funding, exceeds the requests of the State Board, and comes close to the amount recommended by the Illinois Commission for teacher training scholarships. The math/science scholarship program will continue to be funded at the $75,000 level and an additional $263,000 for scholarships in areas of teacher shortage. All of the $263,000 will be distributed during the second

half of the 1985-86 academic year (Reference Note 1), implying that the following year's application will double. The State Board asked for $358,000 to fund 70 retraining scholarships and 30 training scholarships, and would like to see the program grow to 90 training scholarships, thus raising total costs to $574,000 by 1988-89. The Illinois Commisssion wanted $677,000 to fund 175 scholarships. The Commision also figured that 25 scholarships for the training of women and minorities in educational administration would cost $125,000 (Reference Note 3), and $131,000 was appropriated for this purpose. The legislation allows the establishment of a grants program for administration internships for women and minorities, but does not require one. The Illinois Commission used 25 internships at a cost of $30,000 per internship, or $750,000 in their cost estimates. Only $5,000 was appropriated for the internship program. If the state decides to establish a grant program, the grant should pay for a substitute teacher, rather than the full salary of the teacher in the internship.

8. Personnel Evaluation

Teacher evaluation reforms turned out to be more detailed than those suggested by reform proposals. Key provisions include:

--Beginning January 1, 1986, administrators who evaluate certified personnel must participate at least once every two years in an in-service workshop on evaluation of certified personnel provided by the State Board.

--By October 1, 1986, each district, in cooperation with its teachers, or the exclusive bargaining representative of its teachers, must establish an evaluation plan for all teachers. The State Board will review the plans and make public their comments.

--The evaluation plan must ensure that each teacher is evaluated at least once in the course of every two school years. A qualified administrator must conduct the evaluation which must include: 1) personal observation of the teacher in the classroom, 2) consideration of the teacher's attendance, planning, classroom management, and competency in the subject matter taught, 3) rating of the teacher's performance as "superior", "excellent", "satisfactory", or "unsatisfactory", and 4) specification of the teacher's strengths and weaknesses with supporting reasons.

--Within 30 days of rating a teacher as "unsatisfactory", the school district must develop a remediation plan supervised by a qualified administrator and a consulting teacher chosen by the participating administrator or the principal of the teacher rated as "unsatisfactory". In districts with an exclusive bargaining agent, the bargaining agent may supply a roster of at least 5 teachers (or all those qualified if less than 5) who meet the criteria for consulting teachers (at least five years of experience and a "superior" or "excellent" rating). The teacher under remediation will be assisted by the consulting teacher and evaluated quarterly by the administrator. Teachers who fail to complete one year of remediation with a satisfactory rating or better will, with few exceptions, be dismissed automatically. However, these teacher still may request a hearing on this action.

--Failure to complete the one-year remediation plan with at least a "satisfactory" rating is added to incompetency, cruelty, negligence, immorality, and other reasons, as a sufficient cause for dismissal.

--For districts not conducting evaluations of all its teachers during a two-year period, the State Board may enter the district premises and complete the evaluation process through the initial rating. Districts are still obligated to undertake remediation programs when needed.

--Procedures for the removal of tenured teachers and principals, both in Chicago and statewide, changed. The written notice of dismissal must now contain the bill of particulars, which in the past could have been sent at a latter date. Instead of automatic hearings, teachers must request a review of charges against them, within ten days of the dismissal notice, to prevent dismissal. The State Board recommends that the ten-day rule be included in the notification, but state law does not require it (Superintendent's Advisory Letter, August 30, 1985). The hearing must be conducted within 15 days of the notice, half of the previous time schedule.

Relationship to Reform Proposals

Every major reform proposal recommended that districts be required to develop a teacher evaluation plan. The proposed contents of the plan, however, differed among proposals and the reform legislation clearly shows the imprint of the Toledo (Ohio) Plan endorsed by the Illinois Project for School Reform and the Chicago Teachers Union. The Toledo Plan focuses intensive evaluation efforts on new teachers and a limited number of veteran teachers targeted for remediation. The reform legislation left out the new teacher aspect of the Toledo plan--the portion emphasized by the CTU--but addresses the staff development needs of new and reentering teachers in other parts of the reforn package. The Illinois Commission wanted two formal assessments per year for certified teachers, while the State Board and the Governor wanted once a year evaluations. The biennial evaluations adopted in the reform legislation allow more of the evaluation effort to be focused on the worst teachers and on remediation.

The remediation process also differs from the Toledo Plan. In Toledo, the post-remediation evaluation is a joint decision of the school board and the union. The consulting teacher is a master teacher and plays the dominant role in the remediation process. In the enacted Illinois plan, administrators clearly control all aspects of the evaluation while the consulting teacher, who may also teach full time, only assists in designing and implementing the remediation process.

Fiscal Implications

State lawmakers and education officials view personnel evaluation reforms as either costless or as replacements for existing procedures. No reform proposal suggested a cost and the appropriations bill contains no funding provision. The Panel's study of reform initiatives (Nelson & Hess, 1985) calculated that the most expensive proposals were those requiring extensive annual or semiannual evaluation of all teachers. The Panel also calculated that the Toledo-style evaluation plan could be duplicated for $6.3 million statewide. A growth in the number of new teachers, however, as

expected by 1990, would escalate costs. Currently, Toledo pays a master teacher (who earns a $2,000 bonus above the scheduled salary) to work with 10 teachers. All new teachers plus about one percent of veteran teachers are part of the supervisory aspects of the plan.

The $6 million figure represents an upper limit on what the new evaluation procedures could cost. The Illinois law addresses only certified teachers. Consulting teachers can play informal and unpaid roles in the remediation process. The lower resource cost of remediation plans in Illinois could allow a larger percentage of veteran teachers to participate in remediation plans. Under the new legislation, all costs will be borne by local districts.

On the other hand, the new Illinois provisions may fall far short of the Toledo plan's alledged effectiveness. The remediation process consumes a large amount of an adminstrator's scarce time, and a remediation plan capable of standing up in court may require school financial resources to free the time of consulting teachers and/or evaluating administrators. The new evaluation law may just codify the procedures already necessary to defend a dismissal in the courts. Furthermore, the ultimate effect of linking required remediation to the "unsatisfactory" rating may be to inflate rating standards if districts seek to avoid costly remediation programs. By specifically outlining a remediation process, teachers under dismissal proceedings may be given new rights that lengthen litigation, thus adding to school district legal costs. The key to the effectiveness of this reform may depend on the level of implementation at the district level.

9. Staff Development and Regional Service Centers

Local districts will be able to avail themselves of a number of new opportunities for professional development:

--All districts now have to create staff development plans, but $3 million will flow to districts that have their plans approved by the State Board. These plans must help "Update or improve a teacher's skill or knowledge in order to maintain a high level of performance," but the State Board still needs to define the meaning of this clause.

--The State Board will spend $175,000 to study the initial year of teaching.

--The reform legislation establishes a network of regional Education Service Centers. The legislation fails to specify the number of centers and regional boundaries, thus the State Board will make these determinations. The centers will combine some existing educational programs--such as 9 gifted area service centers, gifted institutes, the 20 computer consortia, and numerous teacher centers funded in part by federal and state resources--with new missions in the areas of mathematics, science, and reading resources. Regional centers will provide continuing education, in-service training, staff development, and technical assistance.

--The State Board will provide grants to qualifying "Educational Service Centers". For 1985-86, the apppropriations bill contains $8.5 million for the centers. Under current plans of the State Board, 18 Educational Service Centers would be established with the computer consortia serving as the basis for establishing regional boundaries. Chicago will have its own center and suburban Cook County will have three centers.

--Vocational education teachers may receive grants of up to $2,000 to be placed in short-term, private sector positions during portions of the year when the school is not in session. Private firms must contribute at least 30 percent of the state award if they benefit financially.

Relationship to Reform Proposals

Requiring local staff development programs provided the core of the Illinois Commission and State Board proposals in this area. The Commission, the Board, and the Governor, however, wanted a stronger link between staff development and either certification or compensation. The regional service centers and vocational education fellowship program were part of the Governor's proposals. To some extent, the Professional Development Planning Councils at the ESR level proposed by the Illinois Project for School Reform fit within the duties of the regional service centers. The 30 percent private firm share of the vocational teacher fellowship grant was not part of the Governor's original proposal.

Fiscal Implications

The $3 million appropriation for local staff development plans--about $25 per teacher--is well within the range of the proposed resource levels. The State Board requested only $2 million, though an earlier budget proposal asked for $3.6 million with extra resources awarded for new or reentering teachers. The $175,000 study of new teachers keeps the idea of special help for new teachers alive.

The governor had proposed $3 million for the vocational teacher fellowships. The 30 percent private share raises the total commitmant over the $2 million level. If the state pays 70 percent of a $2,000 fellowship, the $1.5 million appropriation would fund about 1,100 fellowships for the state's 7,000 vocational education teachers. In all likelihood, however, few firms will contribute to the fellowship.

The Governor had proposed $10 million for the regional service centers for the first year, but only $2 million for 1986-87, and none thereafter. The $8.5 million in the appropriations bill subsumes $840,000 that once went to Gifted Education Area Centers, another $800,000 that had supported summer institutes for the gifted (the programs served 660 teachers and 1,675 students during the summer of 1984), and $1.5 million that funded the 20 computer consortia in 1984-85 (Reference Note 4). Additionally, some federal resources have been going to a handful of teacher centers. Thus, only about $5.5 to $6 million represents new resource commitments. Overall, financial support for the centers appears adequate. The $8.5 million allocation exceeds state support for the ESRs. However, the future funding of these centers is very much in doubt.

D. ADMINISTRATIVE ACCOUNTABILITY

10. Administrator Training, Certification, and Duties

A substantial portion of the reform package, especially if measured by the number of new words added to the school code, addressed administrators. Key components of this legislation include:

--Requirements that school boards specify in their formal job description for principals that their primary responsiblity is improvement of instruction and that a majority of the principal's time would be spent on curriculum and staff development.

--Creation of an Administrators' Academy funded at the $1 million level. Administrators througout Illinois must receive training through the academy. Personnel evaluation will be an especially important component of the academy. The legislation requires the Academy to offer evaluation institutes and to report to the employee's school board the absence of any administrator who registered for the training but was not in attendance.

--The demise of the Chicago Board of Examiners, which means Chicago administrators will be certified and recertified under the state certification system. Current Chicago administrators will be "grandfathered" into the state system.

--After June 30, 1987, candidates for the initial administrative certification will have to demonstrate: 1) understanding of parent-school relationships, 2) understanding of how to establish a high quality school climate, good classroom organization, and instructional procedures appropriate to accomplish the tasks of schooling, and 3) demonstrate knowledge and skills called for in providing instructional leadership. The State Board, in conjunction with the State Teacher Certification Board will establish standards, but institutions of higher education will have administrative responsiblity.

--The "bar" exam for initial certification applies to all administrative certificates.

--Administrators need to be recertified every 5 years rather than merely renewing their certificates. Recertification, beginning after January of 1986 will be based on a broad portfolio of assessement sources including, "Input from subordinates, pupil performance, peer review, continuing professional education, and examinations." The State Board must develop procedures to implement this legislation. Since no resources were appropriated for test development, the examination portion of recertification requirements could be broadly interpreted to include such procedures as oral examinations, and passing scores on exams for seminars or classes offered at the Administrator's Academy or at a university.

--For administrators not performing satisfactorily, based on the outcome of the recertification process, the State Board will provide the administrator with a remediation plan and will reexamine the applicant after two years. Presumably, the administrator will remain certified during this two year remediation period.

--Within ten days of notice of a principal's reclassification to a lower paying position, a statement of facts must be provided to the principal.

Relationship to Reform Proposals

The extensive definition of principals' duties and the newly required proficiency areas required for initial certification largely come from the Illinois Commission. "Bar" exams for administrators, however, were not recommended by any major reform group. The State Board and the Governor also supported the general thrust of this legislation. The scope of the Administrators' Academy exceeds any of the proposals. The Illinois Commission, the State Board, and the Governor supported a principals academy, and the highest proposed funding level was only $610,000. Extensive changes in requirements for teacher evaluation and remediation for unsatisfactory teachers increased attention on the role of a more broadly defined academy. Both the Illinois Commission and the State Board sought to require continuing education for recertification and the Illinois Commission specifically highlighted the possbility of requiring attendance at the Administrators' Academy. The recertification provisions in the reform legislation come almost verbatim from the Illinois Commission.

Fiscal Implications

The Panel's study of reform initiatives identified the reforms aimed at administrators as among the least expensive, and the $1 million funding level of the Administrators' Academy should allow the academy to graduate from the status of a pilot program.

The new requirements for initial certification should impose few additional costs on institutions of higher education. Most elements of the new requirements already exist in administrator training programs. The five and ten year reviews will now have to highlight these parts of the curriculum. In some instances, course descriptions will have to be written. Since institutions of higher education are charged with implementing standards of "understanding" established by the State Board, completion of the appropriate courses with a passing grade will probably be sufficient to meet such requirements. The "bar" exam for initial administrative certification might also serve as a vehicle for demonstrating the newly required understandings.

The recertification requirements appear to involve little more than the work it takes for an administrator to apply for a job. The single greatest uncertainty is the role of testing in certification. The Illinois Commission's reform proposal contained $220,000 to $300,000 for test development. Such an exam would be needed by January 1986 when recertification begins. No

appropriation for administrator recertification test development exists, however, indicating that the role of tests in recertification will not be equivalent to the "bar" examination or to the principals exam that has been used to select Chicago principals for several decades. A potential hidden cost in the new recertification law lies in the job rights recertification may give to administrators. Instead of just being able to reassign poorly performing administrators to the classroom, recertification and the provisions for remediation may give administrators grounds for appeal from dismissal actions.

Though $1 million appears to be generous funding for an Administrators' Academy when compared to the funding levels suggested in the reform initiatives, requiring attendance of all administrators in the state dramatically changes the level of services the academy must offer. The Panel's study of reform initiatives calculated that there are about 5,484 superintendents, principals, and associate principals outside of Chicago, and about 1,388 comparable personnel in Chicago. One million dollars provides only about $145 per administrator per year. The State Board plans to serve about 8,000 administrators.

11. Administrative Configurations--School District Reorganization and School Improvement Councils

Though barely a part of Illinois' School Reform agenda going into the 1985 legislative session, school district reorganization--decentralization in Chicago and consolidation in the remainder of the state--produced some of the most vitriolic debates of the session. Reorganization joins the reform agenda primarily because some argue that reorganization would expand the range and quality of educational programs. Decentralization in Chicago aims at expanding citizen involvement and increasing the responsiveness of the Chicago school bureaucracy. The reorganization legislation promises substantially more debate during the next few years:

--By the fall of 1985, a committee to study reorganization will be created in each of the 57 Educational Service Regions. Chicago is excluded from the provisions and Cook county will have three reorganization committees. Local school board members will select the committee at a regional meeting. By June 30, 1986 each ESR committee will submit a plan for reorganization. The reorganization plan should ensure that all unit districts have 1,500 pupils, elementary districts have at least 1,000 pupils, and high school districts contain 500 pupils. Unit districts will be considered the preferred organizational structure in the plans, and elementary districts will be required to lie completely within a single high school district. School district boundaries, however, may cross county or ESR boundaries.

--The plan will be submitted to voters in the affected school districts and must be approved by a majority of voters in each district. If not approved by voters, the plan may be amended and once again submitted to the voters.

For a number of years, proposals for an elected Chicago school board grew. Momentum waned during the past year as the Chicago Urban League, Chicago United, the Chicago Region PTA, the League of Women Voters of Chicago, the Mexican American Legal Defense and Education Fund, and other groups began to articulate the problems of an elected Board and as the mayor joined the opposition. During the past session of the state legislature, the elected Board focus shifted to dividing the city into districts to elect Board members or to dividing the system into semiautonomous districts with elected members. To deflect attention from an elected board, yet still enhance local accountability the following provisions were enacted:

--Each of the districts (subdistricts) in Chicago will have an advisory council, composed of two representatives from each school, which may disapprove the district superintendent's use of the discretionary funds under the superintendent's control. The council will also be able to disapprove the use of the supervisory engineer's contingency fund, and will be consulted on issues concerning district priorties, budget, curriculum, personnel and discipline policies.

--School improvement councils--composed of teachers, parents, and community residents--will be established at each school. All activities of the councils will be conducted under guidelines designed by the State Board of Education. The school improvement council has the power to: 1) disapprove all expenditures of the principal's discretionary funds, 2) provide recommendations to the district superintendent regarding employment of the principal, other administrators, and teachers, and 3) provide recommendations to the district superintendent regarding curriculum.

--By April 15 of every year, and after sufficient notice as described in the legislation, every parent, teacher, and community resident will be able to vote on the proposed school building budget for the following year. If rejected by this town hall type of vote, the Board must modify the budget as nearly as possible to meet the objections of voters at the meeting. A Board member or representative must be present at a second meeting to explain the proposed budget and describe what response the Board has made to the community's objections.

Relationship to Reform Proposals

The Illinois Commission had recommended only that local districts, the State Board, and the General Assembly should encourage a review of school size and district organization utilizing academic achievement as the major criteria of organizational effectiveness. In their final report, they recommended that the state assess the efficiency of the Chicago school district. The Commission, however, failed to recommend funding for a study or recognize other costs of reorganization. The State Board requested only $60,000 for consolidation studies, the same amount the legislature failed to fund the previous fiscal year. The Governor, however, backed up his call for consolidation, including elementary-high school district consolidation, with a recommendation to channel $1 million to local districts to pay for third-party consultants in district reorganization efforts. The massive statewide

reorganization studies specified by the 1985 legislation are funded by an $800,000 appropriation; it is not clear how much of the appropriation will flow directly to districts. Some observers argue that the consolidation studies are being subverted by deliberate under funding. Elementary-high school consolidation is treated gingerly in the legislation, whereas the Governor and the Illinois Project for school reform tended to emphasize vertical reorganization. During the past session, however, changes in the school aid distribution formula helped remove barriers to organizing into unit districts.

School improvement councils or school building councils were most frequently mentioned in reform proposals in the context of innovation. The close connection to the Chicago decentralization and elected school board debates, however, places school improvement councils in the administrative reorganization arena. The Illinois Project for School Reform vaguely recommended the use of such councils. Designs for Change, a Chicago-based nonprofit research corporation, proposed school councils with independent funding for staff development only. The Speaker of the House, however, introduced the enacted bill which applies to all local school funds and reflects many of the Speaker's ideas about local accountability, especially the "town hall" vote.

Fiscal Implications

The reorganization studies will largely be volunteer efforts, since $800,000 split 60 ways averages just over $13,000 per reorganization study--enough for supplies and meeting expenses. Local districts may have to bear the cost of whatever demographic and financial studies are needed. Cost savings provide an important reason for promoting district reorganization. Recent state action to promote consolidation, however, combined with substantial consolidation, suggest some new costs, or redistributions in costs:

-Allowing the same cummulative taxing authority for newly combined districts as each enjoyed when they were separate
-Insuring against state aid loss
-Deficit and debt burden equalization assistance
-Salarly equalization assistance.

The first two policies do not generate new costs for the state, but they serve to prevent cost savings. Deficit assistance also generates no new total costs because the assistance lowers local costs by an equal amount. Approximately $1 million in state aid is specifically devoted to these purposes for the upcoming school year--about 80 percent to deficit assistance. Salary equalization, or "leveling-up", however, provides the principal financial obstacle to consolidation. The Panel's report on reform initiatives put a $196 million price tag on just the consolidation of elementary and secondary districts (Nelson & Hess, 1985). Since the legislation implies a focus on school size rather than elementary and secondary district consolidation into unit districts, salary equalization costs would probably be much less. The state provides teacher salary equalization aid, but the supplement is good for only 24 months.

The district advisory councils and the school improvement councils will generate no new money for Chicago even though they will generate a substantial reallocation of administrative effort. Far more important than new administrative costs, however, may be the budget power of school improvement councils if:

1) the power to "disapprove" obligations from the principal's discretionary fund is interpreted to mean, "to prevent the expenditure" of funds, and
2) the "principal's discretionary fund" includes all expenditures not determined automatically by formula and includes discretionary decisions within formula accounts, such as choice of textbooks.

Formulation of rules and regulations will be critical in determining the impact of the school improvement council legislation in a number of other areas including staff selection, curriculum input, definition of residence, balloting procedures, and the Chicago Board efforts to modify budgets.

III. Effect of Reform on Chicago

Although Chicago enrolls about 23 percent of the state's public school students, it should garner a larger percentage of the state educational reform budget. Chicago has about 55 percent of Illinois' economically disadvantaged students (Chapter I pupils). However, Chicago's share of funding for programs focusing on disadvantaged students--preschool, truant/optional education, summer school, and the Reading Improvement Program--may fall substantially below Chicago's need relative to other districts.

Programs for which Chicago could get a share of the state reform appropration closely matching its share of the state enrollment include (dollar figures represent the total state appropriation): 1) student assessment and report card costs ($2.7 million), 2) math/science equipment ($20 million), 3) vocational education equipment ($5 million), 4) regional Educational Service Centers ($8.5 million), 5) staff development ($3 million), and 6) model career compensation plans ($3.5 million).

In the two most highly funded reform programs--$38 million for the Reading Improvement Program (RIP), and $15 million for summer school--almost a third of state funding will be directed to Chicago. The reform legislation requires the State Board to allocate funds to the RIP through the Chapter II distribution formula, and the State Board has chosen to allocate the summer school funds through the Chapter II formula. The Chapter II formula allocates 70 percent of funding according to total enrollment in the district, and 30 percent based on the number of Chapter I eligible students. Each disadvantaged student generates about 2.5 times the funding as that of a regular student. Under this formula, Chicago gets about one-third of state appropriations, though it has more than half of the students in need; coincidently, this proportion closely matches the percentage of all state funding directed towards Chicago.

Two other major programs should focus a greater share of funding on Chicago than would be expected just by enrollment. The state preschool program emphasizes disadvantaged children, but funding does not flow through a specific formula, instead depending on individual grant applications from districts. The Chicago Board of Education has budgeted $5 million for preschool which it expects to receive from the $12.1 million state appropriation (about 40 percent of the state total). However, funding levels for this program will not be determined until early December. Some state general aid will be redirected to Chicago through new kindergarten funding provisions that allow full-day kindergarten students to be counted as one student in the state aid formula. Chicago enrolls about 4,000 full-day kindergarten students--approximately 40 percent of the state total. Most full-day kindergartens are federally funded.

Because of Chicago's well known problems with truancy and high school dropouts, Chicago's share of the $10 million Truants/Optional Education program should exceed Chicago's share of state enrollment. Chicago's budget includes $5 million to be funded from this state reform appropriation. Like preschool, however, funding is based on district grant applications, not a formula, and these decisions will not be made until late November. Chicago's share of the Truants' Alternative Program, the predecessor to the Truants/Optional Education program, tended to comprise about 20 to 25 percent of the state total.

About the only reform appropriation in which Chicago will not share is the $0.8 million designated for district reorganization studies. The school improvement council legislation aimed at Chicago received no state financial support. The new requirement to serve all Limited English Proficient (LEP) children in an appropriate transitional language program places an unfunded burden on Chicago of up to $10 million (Nelson & Hess, 1985). State funding may increase in the future, however, and Chicago had already undertaken the goal of serving all Limited English Proficient students at attendance centers with more than 10 LEP students, instead of the 20 students previously required by state law.

Most educational reforms aimed at personnel have few immediate fiscal implications for Chicago, including the merging of the Chicago Board of Examiners with the state's Teacher Certification Board. The "bar" exam, however, may result in a severe teacher shortage for Chicago in the 1990s. If the state board "fixes" the cut-off score on the Bar exam high enough to reduce the supply of teachers, the impact on Chicago could be substantial. A uniform statewide test for entry to the teaching profession would likely have a different impact on teacher training institutions in Chicago, compared with those downstate, and an uncertain impact on the Chicago schools which draw many teachers from the state's least selective teacher training institutions.